

1 MR. SOLOMON: Objection; asked
2 and answered.

3 A. I don't recall speaking to them.

4 Q. Did anyone at Coinbase tell you that the
5 SEC had cleared their decision to list XRP under
6 the securities laws?

7 MR. SOLOMON: Objection; form.

8 A. No. I don't recall anyone at Coinbase
9 telling me that the SEC had cleared their
10 decision.

11 Q. Because you'd remember something like
12 that, wouldn't you?

13 MR. CERESNEY: Objection; form.

14 A. I -- I -- I don't recall.

15 Q. My question is, do you think you would
16 remember if somebody like a Coinbase told you
17 something like that?

18 A. I don't know.

19 Q. Okay. Do you think you would have made
20 a public statement about the SEC clearing XRP for
21 Coinbase's listing if Coinbase had told you
22 something like that?

23 MR. CERESNEY: Objection to form.

24 MR. SOLOMON: Objection; form.

25 A. I -- I -- I mean, the only thing you've

1 refreshed in asking these questions, I remember
2 Coinbase created some sort of framework for
3 determining a scoring system for digital assets
4 and they scored XRP at four or something. And I
5 don't remember what the range was. And I believe
6 I knew before that Coinbase had met with the SEC
7 in creating that construct.

8 But, again, I think your
9 question is, simply, did I speak to -- or
10 would I remember? I -- you know, I don't
11 know.

12 Q. Did anyone tell you that Coinbase's
13 decision to list XRP had been affirmatively
14 cleared by the SEC?

15 A. In what time frame?

16 Q. At any time.

17 A. I think that starts to encroach on
18 attorney-client privilege.

19 Q. Other than counsel, did anyone tell you
20 that Coinbase's decision to list XRP had been
21 affirmatively cleared by the SEC?

22 A. I think I read it on Twitter, so I guess
23 yes.

24 Q. People on Twitter told you?

25 A. I don't know. I -- I don't know.

1 MR. SOLOMON: Do you understand
2 what he means by "affirmatively cleared"?
3 I just want to make sure you understand
4 the questions that you're answering. And
5 if you do, that's perfectly fine. If you
6 don't, you need to ask for clarification.

7 A. Can you clarify what you mean by
8 "affirmatively cleared"?

9 Q. Well, did anyone tell you that the SEC
10 had approved of Coinbase's decision to list XRP?

11 A. I don't recall.

12 Q. Okay. And did that include what you
13 read on Twitter? Did anyone on Twitter tell you
14 that the SEC had approved Coinbase's decision?

15 A. You asked me a question is there any
16 period of time. Certainly during the period of
17 time -- and this is outside of attorney-client
18 privilege conversations --

19 Q. Yes.

20 A. -- I have read what I'm sure other
21 people in this room have read on the Twitterverse,
22 that people are speculating based upon various
23 court filings that have become public about
24 Exchange A meeting with the SEC and then
25 subsequently listing XRP.

1 Q. At the time of the listing of XRP, were
2 you aware of **CoinBase** meeting with the SEC?

3 A. I don't believe so, no.

4 Q. Okay.

5 A. I don't recall, but I'm not aware that I
6 would have known that.

7 Q. Okay. When --

8 A. I don't know why I would have.

9 Q. Did **CoinBase** tell you "We met with the
10 SEC"?

11 A. I don't recall.

12 Q. Did anyone at the SEC tell you "We met
13 with **CoinBase**"?

14 A. I don't recall.

15 Q. Okay. Did anyone at Ripple tell you
16 "**CoinBase** just told us they met with the SEC"?

17 A. I don't recall.

18 Q. Did anyone at Ripple tell you "The SEC
19 just told us we met with **CoinBase**"?

20 A. I still don't recall.

21 Q. Okay. With respect to the rating --
22 last question and then we can go on break.

23 With respect to the rating, do you
24 recall whether Ripple was classified as one of the
25 most likely to be a security by **CoinBase**'s ratings

1 of the assets they raised -- they rated? I'm
2 sorry.

3 MR. SOLOMON: I didn't hear that
4 question. I'm so sorry. Would you ask
5 that one more time?

6 Q. With respect to the Coinbase rating, do
7 you recall whether Ripple was classified as one of
8 the most likely to be a security? And maybe I
9 should have said XRP.

10 A. Yeah.

11 Q. Do you recall whether XRP was classified
12 as one of the most likely to be a security of the
13 ones they rated?

14 A. I remember on the scale they had, it was
15 on the closer to security than -- where I think
16 they had bitcoin at the lowest point. They had
17 it, you know, below the threshold of where they
18 viewed it as a security, and a whole lot of things
19 falling to the side, but not as good as bitcoin.

20 Q. And did you -- and did you find that
21 out, that rating out, before or after the listing
22 decision?

23 A. I don't recall.

24 Q. Okay.

25 MR. TENREIRO: Let's take a

1 break.

2 THE VIDEOGRAPHER: Okay. Going
3 off the record, 3:21.

4 (Whereupon, a recess is taken.)

5 THE VIDEOGRAPHER: Okay. Back on
6 at 3:39.

7 (Whereupon, exhibit is received
8 and marked Garlinghouse Deposition
9 Exhibit 127 for identification.)

10 BY MR. TENREIRO:

11 Q. Let me show you Exhibit 127,
12 Mr. Garlinghouse.

13 MR. TENREIRO: This is one of the
14 ones I only have four copies of so I
15 apologize in advance. In fact, I just
16 gave you my copy.

17 (Pause)

18 BY MR. TENREIRO:

19 Q. Okay. So earlier I had asked you about
20 whether Ripple had offered \$1 million to Gemini to
21 list XRP.

22 Do you recall that?

23 A. No.

24 Q. Okay. Did Ripple offer Gemini a million
25 dollars to list XRP?

1 A. Based upon this e-mail, it looks like
2 Patrick Griffin offered Gemini a million dollars
3 to list XRP.

4 Q. Did Patrick -- Patrick Griffin have the
5 authority to do that without some sort of
6 authorization?

7 A. I don't recall.

8 Q. And you were copied on this e-mail,
9 correct?

10 A. Yes.

11 Q. Okay. Setting aside the email of
12 payments for listing XRP, is it fair to say that
13 Ripple facilitated some exchanges listing XRP
14 with, like, integration services, support, things
15 of that nature, not necessarily monetary?

16 A. I think that's fair.

17 Q. Okay. And did Ripple provide that sort
18 of help with respect to all the 200 exchanges that
19 you mentioned that listed XRP at some point or
20 with respect to only a fraction of them?

21 MR. SOLOMON: Objection; form.

22 Q. Again, not -- not the monetary stuff,
23 just helping with integrating or things of that
24 nature.

25 MR. SOLOMON: Objection; form.

1 A. My understanding is Ripple had nothing
2 to do with the listing of XRP on the vast majority
3 of those 200 exchanges and change that have chosen
4 to list XRP.

5 Q. That's fine.

6 What percentage of that 200 or so did
7 Ripple provide integration support or something of
8 that nature that's not necessarily monetary, but
9 some support?

10 A. I don't know.

11 Q. And who would know?

12 A. I don't know.

13 Q. Okay. Let's move on from that.

14 I think earlier you testified that you
15 sold your XRP for fiat and only for U.S. dollars,
16 is that correct?

17 A. I believe that was my testimony. I
18 believe -- to the best of my recollection, I only
19 recall selling my XRP for U.S. dollars.

20 Q. Okay. And when you were CEO, what about
21 Ripple's sales of -- of XRP? Were those in
22 exchange for -- for U.S. dollars or for other
23 assets?

24 MR. SOLOMON: Objection; form.

25 A. I don't know. I don't recall.

1 Q. Well, while you have been CEO, are you
2 aware that Ripple sold its XRP for dollars?

3 A. Yes.

4 Q. Okay. And did you approve, as Ripple's
5 CEO, XRP sales?

6 A. Yes.

7 Q. Okay. And sitting here today, do you
8 know whether XRP -- whether Ripple sold XRP for
9 other digital assets such as bitcoin?

10 A. I believe the answer's yes, but I don't
11 really know.

12 Q. Would you know the order of magnitude of
13 the amount of bitcoin Ripple sold its XRP for?

14 A. No.

15 Q. Okay. And since, you know -- up until
16 today -- I think you said your last sale of XRP
17 was around -- your personal, Mr. Garlinghouse,
18 sale of XRP, what is the total amount in U.S.
19 dollars that you've sold?

20 A. I don't know.

21 Q. Ballpark.

22 A. My -- my ballpark estimate is from what
23 the SEC has asserted in their litigation.

24 Q. So around \$159 million?

25 A. I believe that's the number that the SEC

1 has put forth. I have not audited that.

2 Q. Do you have your own -- before you, you
3 know, saw the SEC's allegation about the number,
4 did you have your own sort of ballpark of how much
5 you sold, or no?

6 A. I did not.

7 Q. You didn't keep track of it?

8 A. I did not personally keep track of it.

9 Q. Did you have someone keep track of it
10 for you?

11 A. Indirectly I have tax professionals and
12 accounting professionals that work for me which
13 would have had that visibility.

14 Q. Okay. And so sitting here today, to the
15 best of your understanding, it -- it's around \$159
16 million?

17 A. I have no reason to doubt the accounting
18 of the SEC, but I also have never taken the time
19 to audit that information.

20 Q. Why not?

21 A. Why?

22 Q. Okay. That's fine.

23 A. I'm not trying to be argumentative.

24 Q. Why bother? Okay.

25 A. I don't think it has a bearing on

1 whether or not XRP's a security.

2 Q. Oh, I -- I certainly didn't mean to
3 imply that. I -- I just was asking why you had
4 never done that, if there was any particular
5 reason. You know, I was too busy. It didn't
6 matter to me. Was there any particular reason?
7 Maybe there wasn't.

8 A. I've never added up how much I've paid
9 in taxes for the last, you know, several years. I
10 don't, you know --

11 Q. Probably a good idea.

12 So did -- sorry.

13 Ripple's sales of XRP since you've been
14 CEO, how much has Ripple sold for -- you know, how
15 much in U.S. dollars has Ripple obtained for the
16 XRP it has sold?

17 A. During my -- I don't know.

18 Q. Could you ballpark that?

19 A. I mean, I believe the SEC's litigation
20 asserts that it's order of magnitude of \$600 or
21 \$700 million. I'm actually not sure about that
22 either. But I have no reason to believe it's
23 materially different.

24 Q. Is the -- I think you said you started
25 selling XRP sometime in 2017. Is that fair?

1 A. Yes, I believe that was my testimony.

2 Q. And then I think your last sale was in
3 Dec -- around December 2020?

4 A. Yes. That's -- to the best of my
5 recollection, yes.

6 Q. In that period of time, between the
7 first and last sales of XRP for --
8 Mr. Garlinghouse, for you, did you -- was -- were
9 proceeds from your sales of XRP the largest source
10 of your income?

11 A. I mean, like many things in life, it's
12 a -- subject to your perspective and how you value
13 option grants and equity and vested equity and
14 those types of things. In terms of what I
15 reported on my tax returns, the answer to that
16 question would be yes.

17 Q. And can you give me the order of
18 magnitude, what was, like, the second largest
19 source of your income that you reported? Was it
20 your salary or was it the sale of some assets or
21 what was it?

22 MR. SOLOMON: I just want to
23 caution you at this point to just maintain
24 fidelity with the judge's order where she
25 expressly said that the SEC -- it would

1 not be appropriate for the SEC to try to
2 measure Mr. Garlinghouse's sales of XRP
3 against other aspects of his financial
4 portrait in order to try to build some
5 motive argument.

6 I'm going to give you a little
7 bit of latitude on this. I just want to
8 make sure you're not going around that
9 order. I'd just remind you of that.

10 A. I don't know.

11 Q. Would that be reflected, I guess, in
12 your tax returns or your bank records or where?

13 A. The first place I'd probably look is my
14 tax returns. My -- my salary would not have been
15 the second highest source of income. But I am an
16 investor in a bunch of private companies, in
17 various investment funds. Some of those have been
18 very successful and so I don't know.

19 Q. Okay. Without getting into the details
20 of what those investments are, I'm just trying to
21 get order of magnitude. Like, was it, you know, a
22 small fraction compared to the XRP proceeds or was
23 it about the same amount, for example, as your XRP
24 proceeds?

25 A. I -- I -- I don't know exactly how to

1 compare those, you know. Maybe there's one, just,
2 example. I invested in a start-up called [REDACTED]
3 [REDACTED] started by a guy who used to work for me,
4 and it yielded, you know, somewhere north of [REDACTED] to
5 [REDACTED] of proceeds from a relatively small
6 investment.

7 So, you know, how does that compare in
8 any one year against XRP grants? You know, I --
9 we'd have to go year by year and compare various
10 sources of income and what is sold and not sold.
11 So I don't know how to answer the question
12 exactly.

13 Q. All right. Fair enough. Let's move on.

14 So going back to Ripple's sales of XRP,
15 is it fair to say Ripple sought to raise U.S.
16 dollars by its sales of XRP?

17 A. With -- in what time period, I guess?

18 Q. While you were CEO.

19 A. So while I have been CEO, Ripple has
20 sold XRP to its customers and Ripple has sold XRP
21 programmatically. As I believe the SEC is aware,
22 we no longer sell XRP programmatically. I think,
23 as I testified earlier, we have sold XRP both for
24 dollars as well as, I think in some occasions, for
25 other digital assets.

1 Q. And when you reference sales to
2 customers, are you talking about customers that
3 use a product that at some point was called ODL?

4 A. Yes, but a specific -- you know, there's
5 a piece of -- one of the exhibits earlier
6 referenced XR -- or XRP-O, XRP-Origination. We
7 now call that Wallet Send. And that would be
8 sales of XRP to customers who are using it for
9 payment flows.

10 Q. And when did those sales begin?

11 A. I think the summer of 2020.

12 Q. Okay. Before those sales, for example,
13 with respect to Ripple's programmatic sales of
14 XRP, was Ripple seeking to raise U.S. dollars in
15 exchange for its XRP sales -- for its XRP?

16 A. Ripple was seeking to sell XRP in
17 exchange for dollars.

18 Q. Okay. Do you know how many decimals a
19 unit of XRP is divisible into?

20 A. How many decimals?

21 Q. Yeah. How many zeroes can you get to?

22 A. I don't know.

23 Q. Do you know what the smallest unit of
24 XRP is called?

25 A. I think it's called a drop.

1 Q. And so do you know what fraction of one
2 unit of XRP a drop is?

3 A. I don't know.

4 Q. Okay. Are you -- is one unit of XRP
5 distinguishable from any other unit of XRP as far
6 as you know?

7 A. Effectively, I think that's true. I
8 think -- I suppose there's some technical argument
9 that an individual unit of XRP sits in one
10 specific area of a blockchain, which may
11 distinguish it from another, but I don't know the
12 intricacies of that.

13 Q. Beyond that, is there anything else that
14 might distinguish one unit from another as far as
15 you know?

16 A. I can't think of anything right now.

17 Q. Okay. When -- when there is a change in
18 the price of XRP in the market, does that change,
19 as far as you know, apply to all the units of XRP
20 or does it apply to some of them?

21 MR. SOLOMON: Objection; form.

22 A. I believe it applies to all of them.

23 Q. Okay. And have you ever had any
24 different understanding than that?

25 A. I mean, I think I'm confused by the

1 question. Are there different prices for
2 different units of XRP?

3 Q. Yeah.

4 A. I mean, I guess it depends a little bit
5 on -- I mean, there have been times in my
6 experience where some exchanges might have a
7 slightly different price than another exchange
8 despite the fact that there are effectively
9 indistinguishable units of XRP between
10 exchanges --

11 THE REPORTER: Slow down.

12 "There are effectively
13 indistinguishable"?

14 A. Unit of XRP between the exchanges. And
15 that's where you have market makers facilitate --
16 you know, they're trying to make money by trading
17 the difference.

18 Q. Okay. In connection with being Ripple's
19 CEO, did you approve sales targets for XRP?

20 MR. SOLOMON: Objection to form.

21 A. I'm not sure I would characterize them
22 as targets as much as forecasts. Maybe those are
23 similar, but...

24 Q. Well, did Ripple ever have sales targets
25 with respect to sales of XRP?

1 MR. SOLOMON: Objection; form.

2 A. I expect there are documents which would
3 have referred to a sales target. I think in my
4 mind that would have been relatively
5 indistinguishable from a sales forecast of what we
6 expected to be sold of XRP in a certain time
7 period.

8 Q. Programmatic sales were based on volume?

9 MR. SOLOMON: Objection; form.

10 A. That's correct. Programmatic sales were
11 based upon daily market activity of the overall
12 XRP market.

13 Q. And so to the extent you might have had
14 a sales forecast, was Ripple forecasting what they
15 thought the volume would be, in essence?

16 A. In essence.

17 Q. Okay. Did Ripple grant XRP to employees
18 from time to time when you were CEO?

19 A. Yes.

20 Q. Did you approve those grants?

21 A. Yes.

22 Q. To whom did Ripple offer XR -- I'm
23 sorry.

24 To whom did Ripple grant XRP while you
25 were CEO that you might have approved?

1 A. I wouldn't know how to start that list.

2 I -- you know --

3 Q. What about your direct reports?

4 A. I would guess that most, if not all, of
5 my direct reports have an XRP grant that vests
6 over time.

7 Q. To the extent that you were involved
8 with, you know, awarding them these grants that
9 vest over time, why did you do it? Why did you
10 grant them XRP?

11 MR. SOLOMON: Objection; form.

12 A. As a compensation tool.

13 Q. Okay. Why would you want to compensate
14 them with XRP as opposed to U.S. dollars?

15 MR. SOLOMON: Objection; form.

16 A. I think people who work at Ripple are
17 generally interested in digital assets and sought
18 to receive, sometimes hold, and generally
19 participate in the XRP market.

20 Q. In fact, sometimes -- I think you
21 referenced that, but sometimes individual
22 employees at Ripple asked you to be compensated in
23 XRP, is that right?

24 MR. SOLOMON: Objection; form.

25 Q. Mr. Vias?

1 MR. SOLOMON: Objection; form.

2 A. Mr. Vias did ask to receive various
3 compensation denominated in XRP.

4 Q. To the extent that you approved granting
5 XRP to employees, was one of the reasons to do
6 that to closer align the employees' interests with
7 the company's interest?

8 MR. SOLOMON: Objection; form.

9 A. My own philosophy about compensation in
10 Silicon Valley is that the best way to align
11 incentives is the long-standing kind of tradition,
12 if you will, of using equity.

13 And so, to my knowledge, every employee
14 that joins Ripple receives equity either in the
15 form of an option or in an RSU. And I think
16 that's the best way to align interests between
17 employees and shareholders.

18 Q. Now -- no, I understand your testimony
19 about the best way to align interest. My question
20 is slightly different, which is, to the extent
21 that you granted employees XRP, was one of the
22 reasons to further align their interests with the
23 interests of the company?

24 MR. SOLOMON: Objection; form.

25 A. I -- I guess the distinction I'm making

1 is I guess they're already fully aligned if you --
2 they have equity. And I don't know that it
3 further -- if you already have kind of fully
4 aligned incentives, can you further align it? You
5 know, I viewed it as a compensation tool.

6 Q. Okay. And did someone recommend to you
7 that you grant XRP to employees from time to time
8 as compensation?

9 A. I suspect, yes.

10 Q. Who?

11 A. I don't recall.

12 Q. Okay. Let's look at Exhibit 1 real
13 quick.

14 (Whereupon, exhibit is received
15 and marked Garlinghouse Deposition
16 Exhibit 1 for identification.)

17 BY MR. TENREIRO:

18 Q. This is an employment offer letter. And
19 I'm not going to ask you much about it -- it would
20 take too much time to read it, I think -- but I do
21 want to see if you see your signature in any of
22 these pages.

23 A. I do see my signature.

24 Q. Okay. And do you see that on which
25 page?

1 A. In my document they're not numbered.

2 Q. Well, there's a Bates at the bottom
3 where it says GARL_Civil_465. Got it?

4 A. 471. Sorry.

5 Q. What about -- okay. 471 has your
6 signature?

7 A. As does 465.

8 Q. Okay. If you go to the first page, is
9 it -- does it refresh your recollection that when
10 you started at Ripple, you got a salary, a \$ [REDACTED]
11 [REDACTED] XRP grant structured as a four-year loan,
12 and [REDACTED] shares of the company?

13 MR. SOLOMON: If you're going to
14 ask him questions about the document, I'm
15 just going to ask that he has an
16 opportunity to read the entire document.
17 I'm not being difficult about that. I
18 just do want him to read it, though.

19 BY MR. TENREIRO:

20 Q. Yeah. Go ahead.

21 MR. TENREIRO: It's up to you. I
22 don't think he needs to read the exhibit,
23 but it's a pretty straightforward front
24 page.

25 (Pause)

1 BY MR. TENREIRO:

2 Q. Are you reading the Appendix?

3 A. Yeah. It references the exhibits, so I
4 was going to take a quick look.

5 Q. Okay.

6 (Pause)

7 A. Okay.

8 Q. Okay. When you started working at
9 Ripple, is it fair to say you received a salary in
10 dollars, an XRP loan as it's described here, and
11 shares in the company?

12 MR. SOLOMON: Objection; form.

13 A. No.

14 Q. What did you receive?

15 A. I received a salary, bonus and equity.

16 Q. The bonus was -- the salary was the U.S.
17 dollars and the XRP?

18 A. No.

19 Q. What was the salary?

20 A. I believe it's correct. It was

21 \$ [REDACTED]

22 Q. And what is that [REDACTED] XRP
23 structured as a four-year loan?

24 A. I don't know.

25 Q. Did you receive that [REDACTED] XRP?

1 A. Not in 2015.

2 Q. In the bonus pool, your bonus is based
3 on, at least for Q1, for the year ending Q1 2018,
4 [REDACTED] percent of XRP revenue.

5 Do you see that?

6 A. Yes.

7 Q. And did you receive a bonus based on [REDACTED]
8 percent of XRP revenue?

9 A. I expect I did, yes.

10 Q. Okay. So the higher the XRP revenue for
11 Ripple, the higher the bonus for you?

12 A. Yes.

13 Q. Okay. And is it fair that in 2016 you
14 entered into sort of an XRP unit bonus award or a
15 grant? I think we talked -- touched upon it
16 earlier briefly.

17 A. I -- I -- I -- nothing in this document
18 references that.

19 Q. Separate from that document. You can
20 forget that one.

21 Is it fair that at some point later in
22 time, you entered into an agreement with Ripple
23 whereby if you met certain metrics, you would get
24 XRP that vested over a four-year term?

25 A. I -- I recall the macro construct. When

1 I was promoted to CEO, I received -- actually, to
2 be honest, I don't know exactly when I received
3 that, but, yes, I received a XRP grant.

4 Q. Who negotiated that?

5 A. No one.

6 Q. It was just given to you by someone?

7 A. That's correct.

8 Q. By whom?

9 A. Chris Larsen.

10 Q. You did not negotiate it with him?

11 A. No.

12 Q. Did you discuss it with him before he
13 gave it to you?

14 A. No.

15 Q. Did you discuss it with him at any time?

16 A. Yes.

17 Q. And what did you discuss with him about
18 this grant?

19 A. Well, as the grant -- the implementation
20 of the grant became complicated for the company
21 because of how taxes are accrued, earned, and paid
22 by the company. And so we certainly had
23 conversations about how to mitigate those risks,
24 challenges, to the company.

25 Q. What do you mean when you say it "became

1 complicated for the company"?

2 A. It became complicated for the company
3 because the dollars involved became large.

4 Q. Okay. So it became complicated for the
5 company how it would pay taxes on these grants?

6 A. That's correct.

7 Q. Where it would get the dollars to pay
8 the taxes?

9 A. Yes.

10 Q. Okay. At any point in time, did the IRS
11 accept XRP to pay taxes, to pay your taxes?

12 A. Not to my knowledge.

13 Q. Okay. So the macro level of the grant,
14 it vested over four years, is that right?

15 A. Yes. My recollection, top of mind, is
16 that the vesting construct was more complicated
17 than that.

18 Q. What was the vesting construct?

19 A. I don't recall exactly.

20 Q. Okay. Did you have to meet a certain
21 metric of how long you'd been at the company?

22 A. Yes. My -- my recollection is part of
23 the vesting was a construct around time-based
24 vesting.

25 Q. Okay. And was the other part based

1 around volumetric -- a volume metric for XRP?

2 A. I -- I believe that is correct.

3 Q. Okay. And what about was there a part
4 of the vesting that had to do with a volume weight
5 average price for XRP?

6 A. You'd have to explain that a little. I
7 don't know. I don't know.

8 Q. Sitting here today you don't know?

9 A. No.

10 Q. Okay. Let's move on. Well -- yeah,
11 let's move on.

12 MR. TENREIRO: Let's look at
13 Exhibit 15, please.

14 (Whereupon, exhibit is received
15 and marked Garlinghouse Deposition
16 Exhibit 15 for identification.)

17 BY MR. TENREIRO:

18 Q. Here you go. Can you pass some of
19 those --

20 MR. SOLOMON: Can we go off the
21 record for 30 seconds --

22 MR. TENREIRO: Sure.

23 MR. SOLOMON: -- just 30 seconds?

24 MR. TENREIRO: Sure.

25 THE VIDEOGRAPHER: Going -- going

1 off the record at 4:11.

2 (Pause)

3 THE VIDEOGRAPHER: Okay. Back on

4 at 4:12.

5 BY MR. TENREIRO:

6 Q. All right. Can you please take a look
7 at the exhibit?

8 MR. TENREIRO: And, I think,
9 Matt, you have some of the copies that --

10 MR. SOLOMON: Oh, yeah.

11 MR. TENREIRO: -- that you can
12 pass down. Thank you.

13 MR. SOLOMON: Okay.

14 MR. TENREIRO: That one is for
15 Bridget.

16 THE WITNESS: She's got one.

17 MR. TENREIRO: She's got it?

18 THE WITNESS: Yeah.

19 MR. TENREIRO: There's more.

20 All right. Just for the record,
21 this is [REDACTED] 58119, a three-page
22 document.

23 THE WITNESS: Sorry?

24 MR. SOLOMON: I was just saying
25 give it back. Sorry.

1 BY MR. TENREIRO:

2 Q. Have you read it?

3 A. No.

4 Q. Okay.

5 A. Do you have an extra pen?

6 Q. Just if you mark that --

7 A. You can have it.

8 Q. Okay. It's better if you don't.

9 A. Oh.

10 MR. SOLOMON: Don't --

11 Q. It's better if you don't.

12 A. All right.

13 MR. SOLOMON: If you want to make
14 a check or a slash, that's fine. Don't
15 put words on it.

16 THE WITNESS: Sorry.

17 MR. SOLOMON: Whatever helps you
18 absorb it is okay.

19 THE WITNESS: All right.

20 (Pause)

21 A. Okay.

22 Q. Okay. Mr. Garlinghouse, from time to
23 time, is it fair to say that you provided, you
24 know, quotes for the press with respect to Ripple
25 and XRP such as what we see in this exhibit?

1 A. Yes.

2 Q. And, again, I think we discussed this
3 briefly, but from time to time you appeared on
4 television -- CNN, CNBC -- to talk about Ripple
5 and XRP, is that right?

6 A. Yes.

7 Q. And when you spoke publicly about Ripple
8 or XRP, you spoke truthfully, right?

9 A. Yes.

10 Q. You spoke -- and when you stated your
11 beliefs, you stated your true beliefs at the time,
12 is that correct?

13 A. Yes.

14 Q. Okay. Here you say "We have had a
15 significant rally in XRP prices," but is -- "but
16 it is reflective of a lot of work we have done to
17 make Ripple a very compelling solution."

18 Do you see that?

19 A. Yes.

20 Q. Okay. Is it fair to say that in April
21 of 2017, you expressed to your mark -- to the
22 market your view that part of the increase in
23 XRP's price was due to Ripple's efforts?

24 MR. SOLOMON: Objection; form.

25 A. At -- at various times, I would say,

1 particularly in 2017, I believed, in trying to
2 understand the market activity, that Ripple's
3 activity was being positively received.

4 Q. In trying to understand the market
5 activity with respect to XRP? Is that what you're
6 talking about?

7 A. Yep.

8 Q. Okay. And are you talking about in part
9 of the market activity with respect to XRP's
10 price?

11 A. In part.

12 Q. Okay. And at some point did your -- did
13 this belief change, the belief that in market
14 activity -- that Ripple's activity was being
15 positively receive -- received?

16 A. Yes.

17 Q. Was that after April 2018?

18 A. I -- I don't recall.

19 Q. Do you recall if it was before April
20 2018?

21 A. I don't recall.

22 Q. Okay. Do you recall what prompted the
23 change?

24 A. As time has gone by in my kind of six
25 and a half years of watching crypto markets more

1 attentively having joined Ripple, I'm not clear
2 what drives any digital asset, including XRP. And
3 as the article highlights, which I was going to
4 underline, you know, there's -- even
5 contemporaneously, obviously as evidenced by the
6 article, there's disagreement about what's driving
7 the XRP market.

8 Q. Okay. In the article they quote people
9 thinking there's manipulation?

10 A. Well, they quote people suggesting
11 that -- a number of different things. One of the
12 things I think there's somebody quoted -- I have
13 to go back and find it -- of saying there should
14 be a pump-and-dump.

15 Q. Right.

16 But your belief in April of 2017 was
17 that there was some relationship between price
18 activity and Ripple's own efforts, correct?

19 MR. SOLOMON: Objection.

20 A. Well, first of all, I think you just
21 said 2018 and this --

22 Q. 2017.

23 A. -- email is from 2017.

24 Q. 2017.

25 A. In -- in 2017 I think I had the

1 misunderstood belief that there was some
2 rationality to the crypto markets, of which I
3 still am not clear there is.

4 Q. And what I'd asked you earlier was at
5 what point did that belief change? I think you
6 said as time has gone by, you know, you're not
7 clear what drives any digital asset. But what I'm
8 trying to figure out is at what point did you go
9 from believing that there was a relationship
10 between Ripple's efforts and XRP's price and
11 discuss -- deciding that you just don't know
12 what's clear?

13 MR. SOLOMON: You're building
14 words into your question, too. I think if
15 you could just put the question to him
16 instead of the preamble and the windup
17 with your gloss, it would be -- I think
18 make for a clearer record.

19 BY MR. TENREIRO:

20 Q. At what point did you --

21 MR. SOLOMON: I don't think he
22 ever used the words "Ripple's efforts,"
23 for example. I'm not trying to be
24 difficult. But if you just ask him
25 questions about what he thought, he can

1 explain in his own words what he believed
2 to be the case at this point in time.

3 BY MR. TENREIRO:

4 Q. You -- you testified you believed in
5 2017, in trying to understand the market activity,
6 that Ripple's activity was being positively
7 received.

8 At what point in time did that
9 understanding change?

10 A. You asked that earlier. I think I
11 testified I don't know.

12 Q. Okay. Can you pinpoint it at all by
13 year?

14 A. No.

15 Q. Okay. The -- the article -- so you --
16 you provided this quote to [REDACTED] right?

17 A. I don't know.

18 Q. You were aware that this quote was
19 provided as it was told to you by the [REDACTED]

20 [REDACTED]?

21 MR. SOLOMON: Objection.

22 A. I have no recollection.

23 Q. [REDACTED] says "I don't see any
24 glaring inaccuracy in the piece, but let me know
25 if you disagree."

1 Do you see that?

2 A. Yes.

3 Q. And you responded "I agree on all
4 points," right?

5 A. Yes.

6 Q. You did not disagree that there were no
7 glaring inaccuracies?

8 A. We can -- you know, I mean, as I read
9 the article today, I identify inaccuracies. We
10 can debate whether or not they're glaring. And
11 what I thought in 2017, I can't recall.

12 Q. Such as the consistent reference to
13 Ripple instead of XRP? Is that one of the
14 inaccuracies you would identify today?

15 A. That would be one example that, you
16 know, market participants, particularly in 2017,
17 had confusion around.

18 Q. In fact, the piece refers to "What's
19 Driving Ripple's Price to All-Time Highs,"
20 correct? That's the title?

21 A. That is the title, yes.

22 Q. And then it says, in the second
23 paragraph of the piece, "Ripple has surged more
24 than 1,000 percent."

25 Do you see that?

1 A. No.

2 Q. It says "The cryptocurrency that powers
3 the distributed Ripple Consensus Ledger, a
4 business-focused distributed ledger technology
5 platform developed by San Francisco start-up
6 Ripple, has surged more than 1,000 per over the
7 last 30 days."

8 A. Correct.

9 Q. Is that a reference to XRP?

10 A. I believe that's what the author
11 references, yes.

12 Q. On the second page, right before
13 "Growing Credibility," it says "As for the decline
14 in price that soon followed" -- "that soon
15 followed, analysts said this may have marked a
16 period of profit taking where long-term Ripple
17 holders sold and brought back at a lower price to
18 increase the return on their investment."

19 Do you see that?

20 A. Yes.

21 Q. And that reference to Ripple is a
22 reference to XRP?

23 A. I -- I believe that's correct.

24 Q. Would you agree that it was common in
25 2017 for market participants to refer to XRP and

1 Ripple interchangeably?

2 MR. SOLOMON: Objection; form.

3 A. I think in 2017 uneducated market
4 participants mistakenly conflated Ripple and XRP,
5 and Ripple worked hard to combat and clarify that.

6 Q. When did Ripple begin to work hard to
7 combat and clarify that?

8 A. I remember in my -- I mean, earlier than
9 2017.

10 Q. And why didn't you combat it in this
11 article, or did you?

12 MR. SOLOMON: Objection; form.

13 A. I don't recall.

14 Q. Okay. But you began combating that
15 before 2017 is your recollection?

16 A. I am very confident that from the
17 earliest days of Ripple, we sought to reduce, and
18 ideally eliminate, the confusion through many
19 media outlets.

20 Q. The confusion about equating Ripple and
21 XRP? Is that what you're talking about?

22 A. That's correct.

23 Q. And when you say early Ripple days, you
24 mean early when you joined, correct?

25 A. That's correct.

1 Q. And you said many --

2 A. Although, actually, my vague
3 recollection is, even before I arrived, that
4 employees had sought to clarify. One
5 manifestation of that would be CoinMarketCap,
6 which listed XRP as -- and used "Ripple" in the
7 name.

8 Q. Called them Ripples?

9 A. I don't believe CoinMarketCap called
10 them Ripples.

11 Q. Just called them Ripple?

12 A. I -- I don't recall. I remember
13 encouraging CoinMarketCap to clarify and correct
14 that.

15 Q. In 2017, at least with respect to this
16 article, do you recall if you engaged in that
17 effort to make that clarification?

18 A. I -- I don't recall as it relates to
19 this particular article. I'm certain that if we
20 looked at contemporaneous emails, we'd find scores
21 of emails fighting the good fight, trying to get
22 corrections, which, frankly, persist to some
23 degree today.

24 Q. That confusion persists today?

25 A. I think that there are some media

1 outlets which incorrectly will quote a price and
2 say Ripple when it's not a price of Ripple.

3 Q. Okay. So you -- you would say there's
4 probably scores of emails that reflect this --
5 these efforts?

6 A. I'm hazarding a guess, but, yeah.

7 Q. And would that be true after 2017? So
8 do you think Ripple engaged in scores of efforts
9 to correct the impression in the market or the
10 equation of Ripple and XRP? Do you think that's
11 true in 2018?

12 MR. SOLOMON: Objection to form.

13 Q. Let me start again.

14 Did Ripple in the year 2018 engage in
15 efforts to correct the impression in the market
16 equating Ripple and XRP?

17 A. Yes.

18 Q. Did Ripple engage in those efforts in
19 2019?

20 A. I suspect, yes.

21 Q. And did Ripple engage in those efforts
22 in 2020?

23 A. I believe so.

24 Q. To the extent that you -- I think you
25 said -- you said that this persists to some degree

1 today.

2 Do you have any view as to why this
3 persists today, equating Ripple and XRP?

4 A. Not of consequence. I think there's
5 probably some people who with malintent seek to
6 conflate and there's some that just don't take the
7 time to correct. Frankly, if I may, in our
8 conversation today, you have mistakenly used
9 Ripple instead of XRP on a couple of occasions.

10 Q. If I may, you have as well --

11 A. Right.

12 Q. -- in -- in some of your conversations.
13 We'll get to recordings, but you have as well in
14 the past, correct?

15 A. I try really, really hard not to.

16 Q. Okay. To the extent that there's
17 malintent by someone -- and I'm assuming you
18 weren't referring to me but --

19 A. No.

20 Q. -- to the extent you were -- to the
21 extent there's malintent by someone, you know,
22 conflating XRP and Ripple, why would that -- why
23 would that reflect malintent? To the extent
24 that's the motivation. I'm trying to understand.
25 How does it hurt Ripple if it's conflated?

1 A. I -- I don't want to speculate as to
2 what other people think because I don't know. I
3 think -- you know, one thing I think we have seen
4 consistently in the crypto markets is there are
5 people who put out misinformation intentionally.

6 Q. Just to sort of create chaos or -- I'm
7 just asking what you --

8 A. I think there was an announcement last
9 week that Walmart was accepting Litecoin -- or,
10 no, Amazon. I can't remember. Somebody. And it
11 looked like a press release from Amazon or
12 Walmart. And the price of Litecoin for, you know,
13 some period of hours went up a bunch. And then I
14 think Walmart or Amazon had to come out and
15 correct the record. It would be an example.

16 Q. So an example might be to manipulate the
17 price of a token?

18 A. I don't know.

19 Q. Okay. In the quote you say "It is
20 reflective of a lot of work we have done."

21 What work are you referring to?

22 A. I don't know.

23 Q. Okay.

24 MR. TENREIRO: Can I please have

25 16? Thanks. And 17. Sorry. You're

1 there.

2 (Whereupon, exhibit is received
3 and marked Garlinghouse Deposition
4 Exhibit 16 for identification.)

5 BY MR. TENREIRO:

6 Q. All right. Here's Exhibit 16.

7 A. Thank you.

8 Q. Yep.

9 So just so we're on the same page, the
10 prior exhibit, which was 15, was an article -- or
11 discussing an article on April 16th, 2017.
12 Exhibit 16 is an email from you to Mr. Larsen and
13 others on April 7th, 2017. The Bates stamp is
14 SEC █████ RIPPLE 10806.

15 Please take a look.

16 MR. SOLOMON: Thank you.

17 (Pause)

18 BY MR. TENREIRO:

19 Q. Mr. Garlinghouse, when was the last time
20 you checked the price of XRP?

21 A. This morning.

22 Q. Okay. And how often do you check it?

23 A. I usually check it in the morning and
24 then, depending upon how busy I am, you know,
25 maybe once or twice during the day.

1 Q. Okay. Do you check it on an app?

2 A. No.

3 Q. How do you check it?

4 A. I typically use either CryptoCompare.com
5 or CoinMarketCap.

6 Q. All right. A website?

7 A. Those are both websites.

8 Q. They don't have an app?

9 A. I don't know.

10 Q. Okay. This email that I just showed you
11 refers to the "XRP rally" at the bottom.

12 Do you see that?

13 A. Yes.

14 Q. Okay. When we're talking about a rally
15 in -- in XRP, are we talking about an increase in
16 its price?

17 A. I think that's fair.

18 Q. You say "I don't usually address the
19 price of the digital asset XRP," and then you
20 feel compelled to share some of your thoughts, et
21 cetera.

22 Do you see that part? It's on the
23 second page.

24 A. I do.

25 Q. Okay. Again, just to ask, again, when

1 you were talking to Ripple's investors and other
2 advisors, you were speaking your true beliefs at
3 the time, correct?

4 A. Yes.

5 Q. Okay. You say "It's hard to pinpoint
6 what drives any market activity," but you wanted
7 to share some thoughts and then there's three
8 bullet points.

9 Do you see that?

10 A. Yes.

11 Q. One bullet point refers to bitcoin
12 capacity issues. Do you see that? And -- I'm
13 sorry. Yes or no?

14 A. Yes.

15 Q. Okay. And if you want to go back to the
16 prior CoinDesk article to refer to it, I think in
17 the CoinDesk article there's also a discussion
18 about, you know, bitcoin's capacity issues
19 potentially relating to the increase in XRP's
20 price.

21 Do you see that?

22 A. I saw that in the previous document, a
23 reference to that, and I see that here in this
24 document as well.

25 Q. Okay. Is it fair to say that around

1 April of 2017, you had the belief that if things
2 did not go well for bitcoin, that might be good
3 for XRP?

4 MR. SOLOMON: Objection.

5 A. I don't recall.

6 Q. Okay. And isn't that sort of what you
7 were expressing here, that people are realizing
8 that bitcoin has limitations as a solution for
9 transactions? That is one of the things that
10 might explain the XRP price rally?

11 MR. SOLOMON: Objection; form.

12 A. I -- I think that's a reasonable
13 interpretation of what's here. I think, yeah,
14 there won't be one digital asset to rule them all
15 and I think bitcoin can be successful and XRP can
16 be successful and serve different use cases.

17 Q. That's what you think today?

18 A. Yes, that is what I think today.

19 Q. Okay. Then you say "Investors may also
20 be connecting the dots that bank adoption of
21 Ripple's solution creates the opportunity for us
22 to deepen those customer relationships and
23 engagement by delivering on what" -- underlined --
24 "Project Xenon (our trial with [REDACTED] and 12 top
25 global banks) demonstrated. While we are still

1 early in our work here - we are confident that we
2 can lower liquidity costs for banks by leveraging
3 XRP as a liquidity solution."

4 Do you see all that?

5 A. Yes.

6 Q. Does that refresh your recollection as
7 to what work you were referring to in your
8 quote -- in your quote in the [REDACTED] article?

9 A. No.

10 Q. Okay. Do you have any reason to doubt
11 that the work you were referring to in the
12 [REDACTED] article quote is the same work you are
13 referring to in this email?

14 A. I don't recall.

15 Q. Okay. Is -- when you say "Investors may
16 also be connecting the dots," who are you
17 referring to? Investors in what?

18 A. I -- I presume I'm referring to
19 invest -- I mean, we can debate the use -- it's a
20 legal word, "investors," I think, versus
21 "speculators" of the crypto markets. So people
22 who are interested in the crypto markets are
23 speculating on various digital assets.

24 Q. Including XRP?

25 A. I -- I think XRP was one of the most

1 valuable digital assets at the time; if not number
2 two, number three. And, so, I think including
3 XRP.

4 Q. Are you talking about most valuable by
5 market cap or by price?

6 A. By market cap.

7 Q. Okay. And I -- I'm not interested in
8 any sort of legal use of the word "investor." I
9 think -- you said you have an MBA. So I want what
10 you understand as investor. That's all I care --
11 I care about.

12 So when you said "investors," I want to
13 know what -- who were you referring to? Investors
14 in what?

15 A. I don't know.

16 Q. Okay. One second.

17 MR. TENREIRO: Let's do -- do we
18 have 17 here? Let's do 17, which is an
19 email two days later.

20 (Whereupon, exhibit is received
21 and marked Garlinghouse Deposition
22 Exhibit 17 for identification.)

23 MR. TENREIRO: Here you go.

24 (Pause)

25 BY MR. TENREIRO:

1 Q. So, Mr. Garlinghouse, is it fair to say
2 that this email is an email to the board where you
3 include the prior email we just saw and then some
4 additional commentary on top?

5 A. Yes.

6 Q. All right. Here you're also discussing,
7 in part, "the dramatic spike in XRP price and
8 market activity." That's the third paragraph.

9 Do you see that?

10 A. Yes.

11 Q. You say "It's a game-changer for us on a
12 bunch of levels."

13 Do you see that?

14 A. Yes.

15 Q. Is "us" Ripple in that sentence?

16 A. I believe, yes.

17 Q. Okay. Then you say "On an operating
18 level, for XRP to serve the purpose of lowering
19 liquidity costs for payments, it needs deep
20 liquidity across fiat currency pairs. Speculative
21 and market trading volume builds that
22 liquidity - they are the catalyst to the XRP
23 flywheel. The recent rally has us moved that
24 flywheel into a much higher gear, which puts us in
25 a much stronger position to execute on other

1 projects that continues to fuel the flywheel."

2 Do you see all of that?

3 A. Yes.

4 Q. Okay. When you refer to "speculative
5 and market trading volume," are you talking about
6 speculative and market trading volume in XRP?

7 A. I believe so.

8 Q. Okay. And can you explain in your own
9 words why speculative and market trading volume in
10 XRP are the catalyst to the XRP flywheel?

11 A. Typically, the more liquidity you have
12 in a market, the tighter the spreads you would
13 have in that market. The tighter the spreads, the
14 more efficient the market. The more efficient the
15 market, the more demand for those payment flows.

16 THE REPORTER: Those payment?

17 THE WITNESS: Flows.

18 Q. And payment flows is something that
19 Ripple is in the business of generally?

20 A. Correct.

21 Q. Okay. And so to build that -- so you
22 said typically the more liquidity, the tighter the
23 spread, et cetera.

24 In other words, do you need speculative
25 and market trading volume in XRP to build the

1 liquidity that starts this process that you just
2 described?

3 A. That's what the email says, yes.

4 Q. Well, is that true?

5 A. I think it's a hypothesis that we have
6 seen generally play out in the crypto markets,
7 yes.

8 Q. And have you -- has Ripple come to no
9 longer believe in that hypothesis?

10 A. No.

11 Q. Okay. So is this -- to catalyze the
12 XRP -- the XRP flywheel, do you still need
13 speculative and market trading volume in XRP?

14 A. I think you need liquidity. Anything
15 that drives liquidity is going to be constructive
16 to what I'm calling a flywheel.

17 Q. Right.

18 And speculative interest in the asset
19 could drive liquidity?

20 A. Yeah, I think I'm saying that it has in
21 that particular time period.

22 Q. Today can it drive liquidity?

23 A. Yes.

24 Q. Okay. And have you had any -- have you
25 ever had an understanding different to that, that

1 speculative trading of an asset in XRP would not
2 drive its liquidity?

3 A. I can't think of an example.

4 Q. Okay. Throughout your time as CEO of
5 Ripple, you have understood that people were
6 buying XRP as an investment, is that right?

7 MR. SOLOMON: Objection; form.

8 Q. I'm not asking --

9 A. No.

10 Q. -- for legal conclusions. I'm asking
11 for, you know, just the word "investment" as an
12 English speaker.

13 A. Can you ask the question again, please?

14 Q. Yeah. Throughout your time as Ripple's
15 CEO, you understood, did you not, that some people
16 were buying XRP as an investment?

17 A. I -- I -- I don't want to speculate as
18 to why people are buying XRP.

19 Q. Well, no. No need to speculate.

20 Did people tell you on Twitter, in
21 personal -- in emails that, in fact, they viewed
22 it as an investment throughout your time as CEO?

23 A. I -- I can't recall a -- I don't know
24 why people -- for me to draw a broad conclusion
25 about why people choose to trade XRP would be hard

1 to do.

2 Q. Right. Don't draw a broad conclusion
3 about all people. I'm just saying, did you
4 understand that some people were buying XRP as an
5 investment?

6 A. So the hypothet -- I mean, you're kind
7 of asking me a hypothetical. Is it possible that
8 someone out there on the planet that has chosen to
9 buy XRP has chosen to buy it as an investment? I
10 think the answer is yes. I -- I don't know why
11 individuals and haven't taken the time to try to
12 dissect why each person might choose to speculate
13 in XRP.

14 Q. The -- the XRP markets were important to
15 you as Ripple's CEO, to your job, right?

16 A. The liquidity in XRP markets is very
17 important to me.

18 Q. Right.

19 And -- and understanding what might
20 drive the liquidity was very important to you as
21 well?

22 A. Yes.

23 Q. How to get more liquidity was important
24 to you?

25 A. More liquidity was better than less

1 liquidity, for sure.

2 Q. Is it fair to say that throughout your
3 time as Ripple's CEO, you have made efforts to
4 understand the XRP market?

5 A. I have tried, yes.

6 Q. Okay. In connection with your work and
7 your efforts to understand the market, do you
8 understand that some participants in the market
9 for XRP are speculators in XRP's price?

10 A. I believe that's probably true, yes.

11 Q. Okay. Did you ever take any steps to
12 restrict people from speculating on the price of
13 XRP?

14 MR. CERESNEY: Objection.

15 A. I can't recall.

16 Q. Did you ever restrict people from buying
17 XRP as an investment?

18 MR. CERESNEY: Objection; form.

19 MR. SOLOMON: Did he -- his XRP?
20 Ripple's XRP?

21 MR. TENREIRO: Let's start with
22 Ripple's.

23 MR. SOLOMON: Okay.

24 THE WITNESS: Could you repeat
25 the question, then?

1 BY MR. TENREIRO:

2 Q. Did you ever take efforts to stop people
3 from buying XRP to speculate on its price?

4 MR. SOLOMON: Objection; form.

5 A. I don't recall.

6 Q. Did you ever take steps to restrict
7 people from buying Ripple's XRP as an investment?

8 MR. SOLOMON: Objection.

9 A. I don't recall.

10 Q. And did you ever take steps to restrict
11 people from buying your XRP as an investment?

12 A. I don't recall.

13 Q. In April of 2017, was XRP being used for
14 a payment flow?

15 A. I expect yes.

16 Q. How?

17 A. I -- I -- I mean, there's hundreds of
18 thousands, maybe millions, of people in the XRP
19 markets. And is there a likelihood that some of
20 those people were using XRP for payment flows? I
21 think the answer's almost certainly yes. I don't
22 necessarily know how. I think your question was
23 how were they using it for payment flows.

24 Q. No. Was it being used for payment
25 flows? That's all. Yes or no, was it being used?

1 A. I think I -- yes, I believe so.

2 Q. And with the hundreds of thousands,
3 maybe millions, of people in the XRP markets, was
4 it being used as an investment?

5 A. I -- I don't know of --

6 MR. SOLOMON: Objection; form.

7 It might be helpful to ask him what
8 "investment" means to him or to give him
9 your definition of "investment." I -- I
10 don't mean to interject.

11 Q. What does "investment" mean to you?

12 A. I mean, to me investment means, you
13 know, people choose to invest in pork bellies,
14 people choose to invest in oil, people choose to
15 invest in currencies. So in that context do I
16 think people are, quote, investing and speculating
17 around digital assets including XRP? Yes.

18 Q. So if I invest in pork bellies -- in
19 other words, is it fair to draw a distinction,
20 from your definition, investing in pork bellies is
21 different than buying a pork belly to eat it?

22 A. Yes.

23 Q. Okay. So with your definition of
24 "investment," did you understand when you were
25 Ripple's CEO that people in the market were

1 investing in XRP?

2 A. I -- I -- like I say, I don't know --
3 you're ask -- I don't know who those people are.
4 I mean, if you gave me -- you said earlier, like,
5 are people on Twitter? And I don't know if
6 they're speculating. I don't know if they're
7 investing. I don't know what they're doing.
8 And -- and maybe some are buying XRP to make
9 payments overseas or maybe they're -- I don't
10 know.

11 Q. Okay. Do you know if people were buying
12 XRP for payment flows in April of 2017?

13 A. I -- I don't know.

14 Q. Okay. Was Ripple selling XRP for
15 payment flows in 2017?

16 MR. CERESNEY: Objection; form.

17 A. I mean, I -- I think some of our
18 employees were accepting compensation in XRP at
19 that time. And so I suppose, by definition,
20 that's payment flows. And I'm aware of those,
21 but, you know, I don't know.

22 Q. So when you say "payment flows," that
23 includes paying someone, like, their compensation?

24 A. I think that's a payment, so, yes.

25 Q. Okay.

1 MR. TENREIRO: Let's do this 13
2 and then take a break. This will be a
3 short one.

4 MR. SOLOMON: Yeah. It's been
5 over an hour.

6 (Whereupon, exhibit is received
7 and marked Garlinghouse Deposition
8 Exhibit 13 for identification.)

9 MR. TENREIRO: So this is a
10 two-page email, RPLI_SEC 763477.

11 (Pause)

12 BY MR. TENREIRO:

13 Q. Okay. Who's [REDACTED]?

14 A. I don't know.

15 Q. Have you ever met him?

16 A. I don't believe so.

17 Q. Okay. Having read this email, is it
18 fair -- what is this email about, generally, other
19 than the colorful language?

20 A. I think [REDACTED] --

21 MR. SOLOMON: Is there anything
22 on this that's colorful language?

23 MR. TENREIRO: Well, he says,
24 "Hey, how about making it less difficult
25 to actually buy XRP you retards."

1 A. I mean, I don't know how seriously to
2 take an email that, you know, starts with a
3 subject line that says "Fuck you."

4 Q. Fair enough. But what is the email
5 about?

6 A. The email is about a gentleman who
7 claims to be named [REDACTED] I have no
8 idea. It's a Gmail address. And he is expressing
9 his frustration and viewpoints on Yahoo and AOL
10 and what the Ripple website looks like and thinks
11 we need to pull our heads out of our ass to get
12 this shit on track.

13 Q. Why did you respond?

14 MR. SOLOMON: Great question.

15 A. It was 9:41 p.m. on March 22nd. I don't
16 know what day of the week that is. I'm guessing
17 it was late at night and I was on email and --

18 Q. It was Wednesday.

19 A. How do you know it's Wednesday?

20 Q. Because it says it.

21 A. Oh, sorry.

22 MR. SOLOMON: I hadn't seen that
23 too.

24 A. Sorry. Sorry. I don't know why I
25 replied.

1 Q. And he's telling you "Please, God, bring
2 the rain soon. Been waiting four years on Ripple
3 to hit."

4 Do you see that?

5 A. I did not see that one. Where is that
6 one?

7 Q. It's on number 3 of his bullets.

8 A. Yes, I see that.

9 Q. He's talking about XRP when he says
10 "four years on Ripple to hit," right?

11 A. I guess.

12 Q. Well --

13 A. I mean, as I said earlier, I think any
14 email with the subject line "Fuck you" and that I
15 signed off with "FURB" --

16 Q. Meaning?

17 A. Fuck you right back.

18 Q. Like the song?

19 A. You know, that's funny you say that
20 because I don't know -- I don't know that
21 reference, but I think -- I think that's right,
22 yeah.

23 Q. All right. So you responded to the
24 email and you said "I've been personally buying
25 XRP in January and February (and early in March).

1 You are not alone in your expectations."

2 What expectations are you talking about,
3 Mr. Garlinghouse?

4 A. I -- I don't want to put too much
5 credibility in an email that starts with "Fuck
6 you" that is from an anonymous person that I'm
7 replying with a little bit, obviously,
8 tongue-in-cheek. And so I don't know what my
9 assertions were.

10 Q. But, I mean, you have told me today
11 you're very busy sometimes. You don't read every
12 email. You responded to this email. So there
13 must have been some significance to you to the
14 email and you responded by saying "You are not
15 alone in your expectations."

16 What expectations are you talking about?

17 A. To -- I mean, to be fair, you're asking
18 about an email from four and a half years ago that
19 is, again, the subject line "Fuck you" and you're
20 asking me what expectations I had. I have no
21 idea.

22 Q. Okay. Did you in March of 2017 have
23 expectations that Ripple might hit?

24 A. I -- I -- I have no idea.

25 Q. Were you in March of 2017 treating

1 whatever holdings of XRP you had as an investment?

2 MR. CERESNEY: Objection to form.

3 A. I guess in my layperson's expectations,
4 you know, I was holding XRP. Does that mean it's
5 an investment? I -- you know, I can debate the
6 meaning of that. But, you know, again, I don't
7 know what my expectations are. I'm not -- I don't
8 think putting a lot of weight in an email with the
9 subject line "Fuck you" is something -- again,
10 it's late at night. Who knows? Maybe it's a
11 Wednesday night I'd had three drinks at dinner and
12 I decided to speak kind of funny to engage this
13 guy.

14 Q. Did you in March of 2017 hope that the
15 price of XRP that you held went up?

16 A. Well, I think I've -- and I've said to
17 the SEC from, I think, the first meeting I had
18 with the SEC, I won't pretend not to be a
19 capitalist. And if you own something, then you
20 wanted the value of that to increase.

21 Q. Okay.

22 MR. TENREIRO: Let's go off the
23 record for a break.

24 THE VIDEOGRAPHER: Going off the
25 record, 4:54.

1 (Whereupon, a recess is taken.)

2 THE VIDEOGRAPHER: Okay. Back on
3 the record, 5:16.

4 BY MR. TENREIRO:

5 Q. Okay. Mr. Garlinghouse, I think earlier
6 today you said -- and you just correct me -- that
7 [REDACTED] owned XRP.

8 A. I think that was my testimony, yes.

9 Q. Okay. Did you have an understanding as
10 to whether he was investing in XRP?

11 A. No.

12 Q. Did you discuss with him why he was
13 buying XRP?

14 A. He didn't buy XRP.

15 Q. Then how did he get it?

16 A. Predating my arrival at Ripple, he
17 participated in one of the XRP giveaways is my
18 understanding.

19 Q. Did you discuss with him why he was
20 holding it?

21 A. I think he asked me -- and this is, I
22 think, before I had started at Ripple. And he
23 asked me what I thought he should do with it. And
24 I think I said "I would just hold on to it."

25 Q. Why? Why did you say that?

1 A. I'm not sure I knew what XRP really was
2 before I started at Ripple. I'm not sure I had
3 any perspective other than -- I didn't know how
4 much XRP he got through giveaways.

5 Q. Well, then, why did you tell him to hold
6 it? I guess is the question.

7 A. Okay. His options were what? To hold
8 it or sell it? I don't know how many he had. I
9 don't know what it was worth. I know enough about
10 [REDACTED] financial picture that it wasn't
11 material one way or another.

12 Q. You do know enough about his financial
13 picture?

14 A. I do know enough about -- enough about
15 his financial picture that I would be surprised if
16 whatever the giveaway he participated in would
17 have been material.

18 Q. Okay. So his option was to hold it or
19 sell it at the time?

20 A. I think that's right. I can't think of
21 anything else.

22 Q. Okay.

23 MR. TENREIRO: Let's look at
24 Exhibit 18, please. I think I have it
25 here.

1 Okay. Thanks. I have it, Mark.

2 I have it.

3 (Whereupon, exhibit is received
4 and marked Garlinghouse Deposition
5 Exhibit 18 for identification.)

6 BY MR. TENREIRO:

7 Q. And, you know, we -- as I pass you
8 these, we've looked at 15 and 16 -- sorry.
9 Maybe -- sorry. We looked at 16 and 17. I think
10 those were April 2017 emails.

11 Exhibit 18 is May 1st, 2017, one page,
12 SEC-██████████ RIPPLE -- actually, two pages -- 10934.
13 Please take a moment to look at it.

14 (Pause)

15 Q. Okay. Mr. Garlinghouse, do you see the
16 reference in this email in the fourth full
17 paragraph to how XRP was hovering around a nickel
18 and it was up over 800 percent from where it began
19 the year? Do you see that?

20 A. Yes.

21 Q. Then it says "Interest in XRP is
22 continuing to grow and we've only just begun our
23 focused efforts to build its liquidity."

24 Do you see that?

25 A. Yes.

1 Q. Then you say "To this end, we recently
2 released our Q1 2017 Markets Report, an important
3 way that we demonstrate our commitment to the XRP
4 ecosystem and continually improve the health of
5 XRP markets globally."

6 Do you see that?

7 A. Yes.

8 Q. Is that a true statement, that the
9 Markets Report was a way for Ripple to demonstrate
10 its commitment to the XRP ecosystem?

11 A. I think, as I testified earlier today,
12 that the Markets Report has been a way to improve
13 transparency, understanding, and I think as we
14 start every Markets Report, kind of a call to
15 action for everybody in the industry to improve
16 transparency. I think we have consistently
17 indicated our desire to improve and increase the
18 liquidity in the XRP market. That's good for
19 Ripple's strategy as well as anyone who's
20 participating in the XRP market.

21 Q. But when you say demon -- is it true
22 that the Markets Reports are a way for Ripple to
23 demonstrate its commitment to the XRP ecosystem?
24 Is that true?

25 A. I -- I mean, I'm reading what is there.

1 I don't recall writing this. I -- I think, as --
2 well, I don't know what I thought when I wrote --
3 when this was written.

4 Q. Sitting here today, is one of the
5 purposes of the Market Report to demonstrate
6 Ripple's commitment to the XRP ecosystem?

7 A. Sitting here today, as I just testified,
8 I would say the Markets Report is to drive
9 transparency of and clarity of information around
10 the XRP markets. As I sit here today, is it -- is
11 it a demonstration of a commitment? It is one
12 of -- one of many ways that we seek to make the
13 XRP markets robust, healthy, transparent. All of
14 the above.

15 Q. And that is true today as well, up
16 through today?

17 A. I think that's fair.

18 Q. Okay. Later you talk about "connecting
19 the dots" again. "The big takeaway with the
20 market is clearly connecting the dots that banks
21 which join the Ripple network today are
22 prospective users of XRP liquidity in the future."

23 Do you see that?

24 A. I do see that.

25 Q. Okay. So is it fair to say that in May,

1 just like in April, your view was that the XRP
2 price rally in part could be derived from
3 participants in the market responding to efforts
4 that Ripple had made?

5 MR. SOLOMON: Objection; form.

6 A. I -- I think -- as I testified earlier,
7 I think in parts of 2017 in my tenure at Ripple, I
8 believed that Ripple's activities may have an
9 impact on the XRP market. I'm less convinced of
10 that as I sit here today.

11 Q. Understood.

12 And is it fair to say that in 2017 one
13 of your specific goals at Ripple was to increase
14 speculation in the market for XRP?

15 MR. SOLOMON: Objection; form.

16 Q. You can look --

17 A. Are you taking that from this email --

18 (Indiscernible cross talk;
19 reporter requests one speaker.)

20 Q. You are welcome to look at the email.
21 My question is -- set aside the email -- is it
22 true that in 2017, one of your goals was to
23 increase speculation in the market for XRP?

24 MR. SOLOMON: Objection; form.

25 A. I would say sitting here today, my

1 recollection of 2017 priorities was to increase
2 liquidity in the XRP markets and in whatever ways
3 that could take. To the extent that was through
4 speculation, I think that would drive liquidity.
5 So I think that's yes.

6 Q. All right. And just so that we're on
7 the same page, when we talk about speculation with
8 respect to the market for an asset, what -- what
9 are you -- what do you mean when you say
10 "speculation"?

11 A. Well, I think people speculate on the
12 price of something. And, you know, I think I used
13 the example earlier today that the price of XRP
14 might be, using this time period, four and a half
15 cents on one exchange and five cents on another
16 exchange and people are speculating and trading
17 that arb and seek -- seeking a -- a return.

18 Q. So what you just referred to as "arb,"
19 do you mean arbitrage?

20 A. Correct.

21 Q. Okay. And does speculating include
22 speculating on price movements? For example, I
23 could speculate that it might go down; I could
24 speculate that it might go up?

25 MR. SOLOMON: Objection; form.

1 A. I think speculators speculate.

2 Q. Speculate --

3 A. So, yes. Some people speculate it's
4 going to go up; some people speculate it's going
5 to go down. That's what makes the market.

6 Q. Right.

7 And so isn't it fair to say there's a
8 distinction between speculating on the asset and
9 using the asset, such as in your pork belly
10 example?

11 MR. SOLOMON: Objection; form.

12 A. I was making the point that people
13 speculate on the price of pork bellies.

14 Q. Right.

15 A. I think -- so can you repeat the
16 question, please?

17 Q. When you -- when you -- this is not a
18 legal question or anything like that. This is a
19 question of you as a businessman.

20 When you say the word "speculating," is
21 there a distinction in your mind between someone
22 who speculates on price movements or price
23 arbitrage and someone who acquires the asset to
24 use it? So to, like, eat the pork bellies in the
25 example you gave.

1 A. So at the beginning of that question you
2 said this isn't a legal thing. It's hard for
3 me -- I mean, this is a legal experience, right?
4 I'm testifying in a legal -- and I'm being asked
5 to give things that will be used as legal. So I
6 don't know exactly what to do with that first
7 comment. I think it's important that we, as much
8 as possible, have a shared understanding of some
9 of these words.

10 MR. SOLOMON: Tell him you don't
11 understand. Ask him to rephrase it. If
12 you can't answer the question, then don't
13 answer the question. You have to
14 understand the question to answer the
15 question.

16 THE WITNESS: Okay.

17 A. Can you repeat the question?

18 Q. Yeah. As a businessman, when you use
19 the word "speculating," does that include -- if
20 you say that someone is speculating on an asset,
21 does that include someone who is using the asset?

22 MR. SOLOMON: You're asking him
23 today, on September 20, 2021, when he uses
24 the word "speculate," what does he mean by
25 that?

1 MR. TENREIRO: Yes.

2 MR. SOLOMON: Or in prior
3 emails or --

4 MR. TENREIRO: Today.

5 A. I think if someone goes to the grocery
6 store and buys bacon, they're not speculating on
7 the price of pork bellies.

8 Q. Okay. And has your understanding of
9 speculating as a businessman changed over time?

10 A. I don't know that it's changed over
11 time. I think I have learned, frankly, as it
12 relates to the SEC's investigation and litigation,
13 that there are nuances in how some of these words
14 are used which can be consequential.

15 Q. Consequential for whether something is
16 deemed to be a security?

17 MR. CERESNEY: Objection; form.

18 A. Consequential to legal interpretations.

19 Q. When did you learn that?

20 A. During the course of this, what started
21 as, I think, an inquiry into an investigation,
22 into a litigation.

23 Q. Can you pinpoint more precisely in time
24 when you learned this?

25 A. I -- I don't have any specific rec --

1 recollection.

2 Q. Okay. Let's take a look at Exhibit 87,
3 please. This is just a one-page document.

4 (Whereupon, exhibit is received
5 and marked Garlinghouse Deposition
6 Exhibit 87 for identification.)

7 MR. TENREIRO: Here we go.

8 (Pause)

9 BY MR. TENREIRO:

10 Q. Okay. What is this email?

11 A. This is an email from Monica Long to me
12 on March 26th to set an agenda for our one-on-one
13 meeting.

14 Q. How often did you have one-on-one
15 meetings with her?

16 A. Typically weekly.

17 Q. Okay. And she says "For discussion,"
18 and she has several bullets -- three bullets and
19 then some sub bullets.

20 Do you see that?

21 A. Yes.

22 Q. She says "XRP marketing - lessons thus
23 far from Ethereum - plus initial thoughts on a
24 plan."

25 Do you see that?

1 A. I do.

2 Q. What plan did you have with respect to
3 XRP marketing?

4 A. I don't recall.

5 Q. To the extent Ripple engaged in XRP
6 marketing, what was the purpose of marketing XRP?

7 A. I don't recall.

8 Q. Okay. What other participants in the
9 XRP ecosystem, sitting here today, do you know
10 that market XRP?

11 A. In 2021?

12 Q. Yeah.

13 A. Well, I think there are companies in
14 2021 that use XRP and, by extension, market XRP, I
15 suppose.

16 Q. So I'm asking you what companies market
17 XRP, like the term "marketing."

18 Is the term "marketing" here referring
19 to sort of ad efforts or publicity experts?

20 MR. SOLOMON: Objection; calls
21 for speculation.

22 Q. To the extent you were talking to
23 Ms. Long.

24 A. I don't know.

25 Q. Okay. What companies, sitting here

1 today, engaged in efforts to publicit -- to
2 make -- to create publicity for XRP?

3 A. I mean, I think, you know, during the
4 course of, you know, the expansion of participants
5 in the XRP market, there's people doing, I mean, a
6 host of things. When I say they're marketing XRP,
7 I -- I don't know. There's certainly a number of
8 companies that use and build on top of the XRP
9 Ledger. Are they, like, using the XRP Ledger and
10 deriving usage of the XRP Ledger? Are they
11 marketing XRP? I don't know.

12 Q. I was asking for publicity efforts now,
13 but --

14 A. Oh. Sorry.

15 Could you repeat the question then that
16 you are asking me to answer?

17 Q. Sure.

18 What companies, sitting here today, are
19 you aware of engaged in publicity efforts for XRP?

20 A. I don't know.

21 Q. What companies were engaged with
22 publicity efforts with respect to XRP in 2017
23 around the time of this email?

24 A. I don't know.

25 Q. Does Ripple have engineers in its

1 employ? Computer scientists?

2 A. Yes.

3 MR. SOLOMON: Objection; form.

4 Q. How many?

5 A. How many engineers did we have in 2017

6 or today?

7 Q. Let's start with 2017.

8 A. I would guess 60 to 70.

9 Q. How many employees did Ripple have in
10 total around that time?

11 A. You know, 150 to 200.

12 Q. So about a third of the workforce was
13 the computer scientists?

14 A. Usually it's a little higher percentage
15 than that.

16 Q. What percentage is it today, roughly?

17 A. I hope it's over [REDACTED]

18 Q. Why do you hope?

19 A. I think, as a technology centric
20 company, having a talented group of engineers is
21 foundational to success.

22 Q. How so?

23 A. If you're seeking to build technology
24 products, if you don't have people doing the
25 coding, you're not going to get very far.

1 Q. Is it fair to say that over the course
2 of the time you've been at Ripple, Ripple
3 engineers have worked on the code for the XRP
4 Ledger?

5 MR. SOLOMON: Objection; form.

6 A. Can you repeat the question?

7 Q. Is it fair to say that over the course
8 of the time you've been at Ripple, Ripple
9 engineers have worked on the code for the XRP --
10 the XRP Ledger?

11 MR. SOLOMON: Objection; form.

12 A. Yes.

13 Q. Have they improved it, made efforts to
14 improve it, like the speed of it, for example?

15 A. Yes.

16 Q. And is their work with respect to the
17 XRP Ledger important to Ripple?

18 MR. SOLOMON: Objection; form.

19 A. The efficiency of the XRP Ledger is
20 important to Ripple. For the employees at Ripple
21 who contribute open-source code -- code to the XRP
22 Ledger, those improvements are important. There's
23 obviously people outside of Ripple who contribute
24 open-source code to the XRP Ledger also and their
25 contributions are important also.

1 Q. And what -- what percentage -- how many
2 validator nodes are on the Ledger?

3 A. I think it depends a little on how you
4 define a validator node because there's some
5 validators that people don't pay attention to.
6 But, typically, I have referenced that there's
7 about 150 validators on the XRP Ledger that are of
8 consequence, let's say.

9 Q. Where did you get that information from?

10 A. Someone internal to Ripple. I'm not
11 sure who.

12 Q. 150 now, in 2017, or at what point?

13 A. I -- I don't know.

14 Q. Okay. When you reference 150
15 validators, how many of them were in China?

16 A. I don't know.

17 Q. How many of them were in the United
18 States?

19 A. I don't know.

20 Q. Do you know where any of the validators'
21 nodes are?

22 A. Yeah.

23 Q. Which ones? Ripple's?

24 A. No.

25 Q. Where are the ones you know?

1 A. I know there is one at a data center in
2 Tokyo. I know there's one at the University of
3 Kansas. I know there's one -- I -- you know, my
4 familiarity is they're distributed at various
5 companies and data centers that have an interest
6 in the XRP Ledger.

7 Q. Is it fair to say -- I won't computer
8 science quiz you, but fair to say that on the
9 Ripple Ledger, a node pays attention to
10 transactions confirmed by 80 percent --

11 THE REPORTER: I'm sorry. A
12 node?

13 MR. TENREIRO: A node.

14 Q. -- pays attention to transactions
15 confirmed by 80 percent of the nodes on that
16 node's trusted nodes list?

17 MR. SOLOMON: Objection; form.

18 A. I -- I think you asked the question --
19 if I could read it back and -- refer me. But you
20 referred to it as a "Ripple Ledger" and I don't
21 know what that is.

22 Q. The XRP Ledger.

23 A. Would you repeat the question, then?

24 Q. Is it fair to say that on the XRP
25 Ledger, a node pays attention to transactions

1 confirmed by 80 percent of the nodes on that
2 node's trusted nodes list or UNL?

3 A. I think that's fair.

4 Q. Okay. So you said there were about 150
5 nodes that matter, quote/unquote?

6 A. I think that was my testimony, yes.

7 Q. Okay. Quickly doing some math, times 5,
8 750. Okay.

9 So if I -- what's to stop China from
10 putting 600 nodes on the XRP Ledger such that it
11 would gain control over 80 percent of the now
12 resulting 750 nodes?

13 MR. SOLOMON: Objection; form.

14 A. I mean, David Schwartz would be a better
15 person to ask some of these questions. But it
16 depends upon which nodes the other nodes are
17 listening to.

18 Q. Okay. So if China added 600 nodes to
19 the XRP Ledger, could it not gain control over the
20 XRP Ledger?

21 A. If all -- if the other nodes listened to
22 those 600, then, hypothetically, yes.

23 Q. Is there anything to stop those other
24 nodes from listening to the 600?

25 A. Yes.

1 Q. What is?

2 A. What other nodes those nodes choose to
3 listen to.

4 Q. Well, I'm sorry. What stops one node
5 from deciding to listen to the new 600 nodes in my
6 hypothetical?

7 A. Whoever is managing that node and what
8 other nodes they choose to listen to.

9 Q. So, in other words, people can talk to
10 each other about what nodes they listen to?

11 A. I -- I -- I don't know how that happens.

12 Q. Okay. Other than the individual -- each
13 individual node selects a list of nodes they
14 listen to, is that right?

15 MR. SOLOMON: Objection; form.

16 A. I mean, my macro response is I'm not the
17 best person to ask these questions of.

18 Q. Do -- sitting here today, do you have an
19 understanding as to whether or not China could
20 take control over the XRP Ledger?

21 A. I feel like I have an understanding that
22 I trust a number of very talented engineers, both
23 inside and outside the company, that would tell
24 you that's not possible.

25 Q. Okay. When you were engaged -- when

1 Ripple was talking to potential Series C
2 investors, was there a question about whether
3 there were nodes in the XRP Ledgers in Iran?

4 A. I don't recall.

5 Q. Are there XRP Ledger nodes in Iran?

6 A. I don't know.

7 Q. Okay. Is there anything that could stop
8 the Iranian government from putting nodes on the
9 XRP Ledger?

10 A. Not that I'm aware of.

11 Q. Okay. You've talked publicly about how
12 China could potentially control the bitcoin
13 blockchain, right?

14 A. Yes.

15 Q. Okay. So what is that understanding
16 based on?

17 A. Articles I read.

18 Q. Where?

19 A. On the internet.

20 Q. Anywhere else? Well, articles in
21 magazines or just the internet?

22 A. I don't really read magazines anymore.
23 Just the internet.

24 Q. All right. Anything else other than
25 articles?

1 A. People I trust and respect who are
2 well-versed in the technology of the bitcoin
3 blockchain and understand 51 percent attacks.

4 Q. Such as whom?

5 A. David Schwartz.

6 Q. And has he told you about whether -- in
7 connection with these conversations, has he told
8 you about any risk that China could take over the
9 XRP blockchain?

10 A. No.

11 Q. Have you discussed that with him either
12 way?

13 A. I don't recall.

14 Q. Well, when you were discussing sort of
15 the potential of China to take over the bitcoin
16 blockchain, did you say to him, "Hey, could that
17 happen in the XRP blockchain"?

18 MR. SOLOMON: Objection; asked
19 and answered.

20 Q. Ripple has an interest in the XRP
21 blockchain, generally speaking. Is that fair?

22 THE REPORTER: Repeat.

23 Q. Ripple has an interest in the XRP
24 blockchain. Is that fair?

25 MR. CERESNEY: Objection; form.

1 A. Ripple has an interest in the XRP
2 Ledger, yes.

3 Q. Okay. And to the extent that you
4 discussed the China issue with respect to the
5 bitcoin blockchain with Mr. Schwartz, did you not,
6 as the CEO of Ripple, ask him Is that a risk that
7 the XRP Ledger faces?

8 MR. SOLOMON: Objection; asked
9 and answered, form.

10 A. The -- what commonly is referred to as a
11 51 percent attack is a output of being proof of
12 work-based. The XRP Ledger doesn't use proof of
13 work. There have been successful 51 percent
14 attacks on proof of work-based blockchains like
15 the Ethereum Classic blockchain. There have not
16 been successful attacks, to my knowledge, on what
17 we commonly refer to as the consensus mechanism to
18 validate transactions which other blockchains use.

19 Q. Well, have there been forks on that
20 blockchain?

21 THE REPORTER: Have there been?

22 MR. TENREIRO: Forks, F-O-R-K.

23 MR. SOLOMON: I'm sorry, on which
24 blockchain?

25 MR. TENREIRO: XRP blockchain.

1 XRP Ledger.

2 A. How do you define "fork"?

3 Q. However you define -- do you understand
4 a fork on a distributed ledger?

5 A. You asked me a question and I want to
6 make sure I answer it and you used the word
7 "fork." I'm just asking how you're using the word
8 "fork" to make sure I get it right.

9 Q. Let's start again.

10 Do you understand if someone speaks of a
11 fork on a distributed ledger what that means?

12 A. I believe I do, yes.

13 Q. What does it mean to you?

14 A. As an example, the bitcoin blockchain
15 has forked a number of times. And so that it
16 takes all previous transactions and then there's a
17 new fork that carries those transactions forward.

18 Q. Has that occurred on the XRP Ledger?

19 A. Not to my knowledge.

20 Q. Okay. Back to the email, is it fair to
21 say that one of the Q2 priorities for 2017 was
22 drive XRP speculation?

23 A. I see in Monica Long's agenda that she
24 wants to talk about her future priorities and she
25 has listed a sub bullet called "drive XRP

1 speculation."

2 Q. And did you discuss it with her?

3 A. I don't know.

4 Q. Did you tell her -- did she implement
5 this agenda?

6 A. I don't know.

7 Q. All right.

8 MR. SOLOMON: Do you want to take
9 a 30-second break? Short break. Just 30
10 seconds off the record.

11 MR. TENREIRO: Sure.

12 THE VIDEOGRAPHER: Okay. Going
13 off the record at 5:42.

14 (Pause)

15 THE VIDEOGRAPHER: Okay. Back on
16 the record, 5:53.

17 BY MR. TENREIRO:

18 Q. Mr. Garlinghouse, did there come a time
19 when you asked some of your PR people to help you
20 identify likes on your tweets that you went back
21 and removed?

22 A. I believe, yes.

23 Q. And why did you do that?

24 A. When I got hacked in 2017, a number of
25 other people got hacked at the same time that were

1 connected to me in one way or another. And it was
2 my hypothesis, belief, and I believe to be the
3 case, that the hackers went after people who were
4 associated with me, particularly as they had
5 seemed to discover via Twitter.

6 Q. So your testimony is that the unliking
7 of likes was because of the hack?

8 A. My recollection is that I went through
9 the trouble of deleting all Twitter posts that I
10 had posted prior to joining Ripple and, you know,
11 cleaned up my Twitter account to reduce -- to
12 remove any personal information or just things
13 that a bad actor might be able to take advantage
14 of.

15 Q. Separate from that, did you go back to
16 unlike likes that you had made on Twitter?

17 A. Not that I recall.

18 Q. All right. Let's take a look at Exhibit
19 36. No, 35. Sorry.

20 (Whereupon, exhibit is received
21 and marked Garlinghouse Deposition
22 Exhibit 35 for identification.)

23 BY MR. TENREIRO:

24 Q. And this appears to be a series of
25 texts, GARL_Civil_ 982. It's mostly images, but

1 take a look.

2 (Pause)

3 Q. All right. Do you see your phone number
4 in this exhibit?

5 A. Yes.

6 Q. Okay. Fair to say it appears to be a
7 series of texts between you and [REDACTED]

8 A. Yes.

9 Q. And the date on the first -- on the
10 first page says "Saturday, 13 January 2018."

11 Do you see that?

12 A. Yes.

13 Q. Okay. Here you say "Can your team go
14 through these and LMK if I've 'liked' anything
15 that is XRP price related?"

16 And then, in the following message, you
17 link her to your likes, is that correct?

18 A. I believe that is correct.

19 Q. "LMK" means let me know, right?

20 A. Yes.

21 Q. Okay. Why did you ask her to go look to
22 see if you had liked anything XRP price related?

23 A. I don't know.

24 Q. Okay. And then the next series of pages
25 are several tweets that you had liked. And you

1 say on the page that has 990 at the bottom,

2 "Okay - have cleaned up the 'likes.'

3 Do you see that?

4 A. I -- I see the text you're seeking --

5 "Okay, I cleaned up the likes." I don't actually

6 have the -- from what is here, I'm interpreting

7 that these are tweets that I may have liked.

8 That's not obvious to me from what is in front of

9 me. And since I don't recall, I don't know that

10 to be the case.

11 Q. Well, we can take a look at them.

12 MR. TENREIRO: Let's look at 36,

13 for example.

14 A. Okay.

15 (Whereupon, exhibit is received

16 and marked Garlinghouse Deposition

17 Exhibit 36 for identification.)

18 MS. BUNTING: What exhibit is

19 this?

20 MR. TENREIRO: 36.

21 MS. BUNTING: 36. Thank you.

22 BY MR. TENREIRO:

23 Q. This appears to be a tweet that you made

24 on October 17th about Ben Bernanke.

25 And then a response that says "Shitting

1 on Bitcoin will not increase the price of XRP.

2 Don't forget that most of us, investing in both
3 XRP and BTC."

4 Do you see that?

5 A. Yes.

6 Q. Okay. So have you liked the "Shitting
7 on bitcoin" tweets at some point and then removed
8 the like?

9 A. I don't know.

10 Q. Okay. Why were you removing likes from
11 anything XRP price related?

12 A. I don't know.

13 Q. Was there a -- I think we just saw some
14 emails earlier today to the board and to investors
15 where you were talking about the increase in the
16 price of XRP. Is that fair? If you need to go
17 back to them, go ahead.

18 A. Can you repeat the question?

19 Q. In -- we just saw today emails from
20 2017 -- I think we saw April; I think we saw
21 May -- where you were discussing the increases in
22 the price of XRP, XRP rally, et cetera, is that
23 correct?

24 A. Yes.

25 Q. You were discussing the price of XRP in

1 those communications, correct?

2 A. Yes.

3 Q. Including to holders of XRP, is that
4 correct?

5 MR. SOLOMON: Objection; form.

6 A. I don't know -- I mean, when you say
7 "holders of XRP," I mean, you earlier pointed out
8 that there are -- people on the board received
9 those communications. And some of those people on
10 the board held XRP. So, I guess, yes.

11 Q. And some of Ripple's shareholders also
12 held XRP, correct?

13 A. I don't know.

14 Q. You -- have you ever come to know
15 whether XRP -- whether Ripple's shareholders were
16 also holders of XRP?

17 A. I mean, of the 200 shareholders, do some
18 of them hold XRP? I think that's probably yes. I
19 don't -- I mean, I can think of -- well, Chris
20 Larsen would be an example of yes.

21 Q. [REDACTED]?

22 A. I don't know if [REDACTED] still holds XRP.

23 Q. Back in 2017?

24 A. I don't know when they liquidated their
25 XRP.

1 Q. [REDACTED]

2 A. I -- I -- I don't personally know what

3 [REDACTED] does with his XRP. So I don't know

4 what he held when.

5 Q. [REDACTED] [REDACTED]

6 (pronunciation)?

7 A. He would not have been on those

8 distributions, I don't think. He's not a

9 shareholder.

10 Q. He was not -- he was not an advisor

11 either?

12 A. I -- I don't know what -- I mean, I

13 don't -- we don't call him an advisor. I don't

14 know if he's on the email distribution or not.

15 Q. [REDACTED]

16 MR. SOLOMON: Are you asking him

17 whether these people who were equity

18 shareholders also held XRP units --

19 MR. TENREIRO: Yes.

20 MR. SOLOMON: -- to his

21 knowledge? Okay.

22 I just want to make sure you

23 understand.

24 MR. TENREIRO: Yeah.

25 MR. SOLOMON: You were firing

1 names at him.

2 I just want to make sure you understand
3 the premise of the question.

4 A. I don't know if [REDACTED] holds XRP
5 or --

6 Q. As -- I'm sorry.

7 A. You know, either in his fund or
8 personally. I -- I -- I don't know.

9 Q. [REDACTED]?

10 A. I -- [REDACTED] does -- I do know that [REDACTED]
11 [REDACTED] the joint venture, holds some
12 XRP.

13 Q. Okay. And [REDACTED] is copied on the emails
14 to Ripple's shareholders and advisors, correct?

15 A. Yes. The point I'm trying to make is
16 you're asking me -- I mean, is there a -- you've
17 highlighted of the couple hundred people that are
18 on the shareholders distribution, there's some
19 that I can definitively know have XRP. The vast
20 majority of them, I have no idea. I don't ask;
21 they don't share. It's -- it's not -- it's like
22 asking them how much cash they have in the bank.

23 Q. But you definitively knew that some of
24 them, in fact, held XRP?

25 A. Yes.

1 Q. Okay. And in those emails, again, you
2 were discussing the XRP rally and the price
3 increases in XRP in 2017, right?

4 A. Yes.

5 MR. SOLOMON: Do you want to show
6 him the emails?

7 MR. TENREIRO: They're right in
8 front of him if he wants to look at them
9 again.

10 Q. And you've looked at them.

11 Have you -- generally speaking, there
12 was an increase in the price of crypto assets --
13 very generally speaking, in the year 2017, is that
14 correct?

15 MR. SOLOMON: You've got to slow
16 down for me.

17 THE REPORTER: You're going too
18 fast.

19 Q. Very generally speaking, there was an
20 increase in the price of digital assets, crypto
21 assets, in the year 2017?

22 A. Yes. My recollection is there's a very
23 high correlation between digital assets and they
24 all seemed to rally in 2017.

25 Q. And that included XRP?

1 A. That included XRP.

2 Q. And throughout the year 2017, you were
3 speaking about the increases in the price of XRP,
4 both publicly and also to Ripple's shareholders
5 and advisors?

6 MR. SOLOMON: Objection; form.

7 A. I don't recall if it was throughout the
8 year. You've shown me examples from April and
9 May, which are April and May.

10 Q. All right. We'll get to December.

11 But what prompted you, after speaking
12 about the price of XRP at some points in 2017, to
13 then, in January of 2018, go back to delete likes
14 of tweets you made XRP price related?

15 MR. SOLOMON: Objection; asked
16 and answered.

17 A. I -- I -- yeah, I don't recall. I don't
18 know. And -- and I don't know that I did like
19 this.

20 Q. Well --

21 A. You have told me I liked this. I'm not
22 aware that I liked this.

23 Q. Well, I can't tell. You -- somebody
24 deleted the like -- you deleted some likes,
25 correct?

1 MR. SOLOMON: Objection. Don't
2 tell him what he's done. Ask him what he
3 remembers doing.

4 Q. You deleted some likes, correct? You
5 said in this text "Have cleaned up the likes."

6 A. I said that I cleaned up the likes, yes.
7 I don't know if that means that I had liked this
8 and unliked it or not. I can't tell from this.

9 Q. When you say "cleaned up the likes,"
10 what did you mean? Does that mean unlike?

11 A. I -- I --

12 MR. SOLOMON: Objection; form.

13 A. I didn't recall the text, and so I
14 certainly don't recall what I thought in 2017 when
15 I sent those texts.

16 Q. On the next page of the texts, if you
17 can go back to that exhibit, which is 35, towards
18 the -- towards the end, the second-to-last page.

19 On the second-to-last page, you say "Can
20 your teams review David Schwartz tweets and likes
21 for particularly noteworthy"?

22 Do you see that?

23 A. I do see that.

24 Q. She asked you "When does this need to
25 get done?"

1 And then I'm skipping one message. You
2 say "Prob depends on FT timing."

3 A. Yes.

4 Q. What does "FT timing" mean?

5 A. When I read that the first time and I
6 read through it, I thought to myself I wonder what
7 that means and I don't know now what that means.

8 Q. Did [REDACTED] go through David
9 Schwartz' tweets and likes for particularly
10 noteworthy?

11 A. I assume she did because she's pretty
12 diligent, but I don't know.

13 Q. Did you instruct him to clean up likes
14 on his Twitter account?

15 A. I don't recall.

16 MR. SOLOMON: Objection.

17 Q. At the end of the conversation, you say
18 "I spoke to David earlier today. He is also
19 reviewing. I'd like to keep traffic on this to a
20 minimum. I will call you."

21 Why did you want to keep traffic on this
22 to a minimum?

23 A. I -- I don't know.

24 Q. What does "this" mean in the text? Is
25 it the issue of cleaning up likes?

1 A. I -- I don't know. I don't remember
2 these texts and I don't remember what the impetus
3 was and I don't remember what I was thinking when
4 I sent that.

5 MR. TENREIRO: Okay. So let's
6 go -- are we ready or not yet?

7 MR. BAMBERGER: Yeah, just going
8 to bring them out.

9 MR. TENREIRO: Great. Let's go
10 to Exhibit 78 while we wait.

11 (Whereupon, exhibit is received
12 and marked Garlinghouse Deposition
13 Exhibit 78 for identification.)

14 BY MR. TENREIRO:

15 Q. Now we're in June.

16 (Pause)

17 Q. And just while you're reading, I'm going
18 to state on the record 78 is a three-page email
19 thread, RPLI_SEC 54397. And it appears to be
20 around June 5th, 2017.

21 (Pause)

22 Q. All right. Starting with the email,
23 this appears to be another update, is that fair to
24 say, the email that starts in the middle -- or
25 towards the top of page 2, rather, another

1 investor and advisor update that you were sending?

2 A. Yes.

3 Q. All right. And in this one, you also
4 talk about the increase in XRP's price so far in
5 2017. You refer to a 5,000 percent increase, is
6 that correct?

7 A. Yeah, I don't -- I didn't know if I
8 caught the 5,000 percent reference.

9 Q. Yes.

10 A. Yes, I see that now. Yes.

11 Q. Okay. Further up you say "Despite a
12 proven track record of being good stewards of XRP,
13 we have continued to hear concerns in the market
14 that Ripple could (hypothetically) sell our 61
15 billion XRP at any time - a scenario that would
16 certainly be bad for Ripple."

17 Do you see that?

18 A. Uh-huh.

19 Q. And then you talk about the escrow,
20 right?

21 A. Yes.

22 Q. The proven track record, what -- what is
23 that track record? What proved the track record
24 in your mind then?

25 A. I guess, simplistically, the fact that

1 we had never dumped XRP on the market, as some
2 said it was hypothetically at risk, some continued
3 to feel that because that risk existed, that the
4 fact that we have proven that over a period of
5 time we had not done things like that and, in
6 fact, tried to do the opposite, there were still
7 those who felt that risk existed.

8 Q. Is there anything else that proves this
9 track record up to this point in time of being
10 good stewards of XRP other than the absence of the
11 dumping?

12 A. I guess there's probably a myriad of
13 examples of how we have tried to be good stewards.
14 I think the mere fact that we started publishing a
15 quarterly XRP market update to try to find
16 transparency would be an example of trying to be a
17 good steward.

18 Q. What about selling XRP programmatically
19 in ways to not affect the market for XRP? Is that
20 a good -- an example of being a good steward?

21 MR. SOLOMON: Objection; form.

22 A. I think to the extent we have
23 consistently demonstrated a track record, we're
24 trying to make sure we don't impact the XRP
25 markets, would be evidence of being a good

1 steward.

2 Q. But that includes not impacting it with
3 respect to your sales -- or with your sales?

4 MR. SOLOMON: Objection; form.

5 Q. Right?

6 A. That's what I just said.

7 Q. Okay. Sorry if I misunderstood.

8 Was one of the reasons for the escrow to
9 remove that concern or hypothetical that some
10 people threw out there?

11 MR. SOLOMON: Objection; form.

12 A. And I think what I wrote at this time
13 was "We have given investors a predictable supply
14 schedule and removed what skeptics" -- sorry. "So
15 with the decision to lock up 55 billion XRP in
16 escrow, we have given investors a predictable
17 supply schedule and removed what skeptics have
18 suggested has been a barrier to broad XRP
19 adoption."

20 Q. Right. And -- and the email -- and
21 absolutely you can look at or refer to.

22 But, just generally, was one of the
23 reasons for the escrow to remove that sort of
24 concern that people in the market had expressed to
25 Ripple about potential dumping?

1 A. I think that's what the email says.

2 Q. And was one of the purposes of the
3 escrow to encourage speculation in XRP?

4 MR. SOLOMON: Objection; form.

5 MR. CERESNEY: Objection.

6 A. I think the -- my recollection, as
7 consistent with what the email says, is to remove
8 the concern that had been expressed that there was
9 a risk that we would dump XRP in the market.

10 Q. And was one of the purposes of removing
11 that concern to encourage speculation in XRP?
12 Again, you can look at the email or not. I'm just
13 asking you for your memory of what was the purpose
14 behind the escrow.

15 A. My recollection of the purpose of the
16 escrow is consistent with what is said here.

17 Q. All right. Further down you say "The
18 bottom line is that we are committed to making XRP
19 the best digital asset for payments."

20 Do you see that?

21 A. Yes, I do see that.

22 Q. How was Ripple planning on making XRP
23 the best digital asset for payments in -- when you
24 wrote this email in June of 2017?

25 A. My rec -- my recollection in June of

1 2017 is that we were continuing to execute a
2 strategy to make XRP very, very liquid and very,
3 very fast, very, very low energy, such that it
4 could be used both with Ripple's products and
5 people outside of Ripple to take advantage of XRP
6 as a very efficient payment mechanism.

7 Q. And the very, very fast and very, very
8 low energy, are those the efforts that the
9 engineers or computer scientists were engaged in?

10 MR. SOLOMON: Objection; form.

11 A. Ripple's engineers were engaged in a
12 whole bunch of things. XRP, as an open-source
13 technology, can be contributed to by Ripple's
14 engineers and as well as non-Ripple engineers.

15 Q. Right.

16 My question, though, was you said -- you
17 said "My recollection in June of 2017 is that we
18 were continuing to execute a strategy to make XRP
19 very, very liquid and very, very fast, very, very
20 low energy."

21 And my question is: Who at Ripple was
22 continuing to execute a strategy to make XRP very,
23 very fast and very, very low energy in June 2017?

24 A. I guess to be fair, at that point XRP
25 already was very, very fast and very, very low

1 energy.

2 Q. So you were not at that point committed
3 to continuing those efforts?

4 A. No. I would guess if we looked back at
5 the, you know, scalability of the XRP Ledger,
6 there continued to be improvements in the
7 four-plus years since this email was written.

8 Q. And were Ripple engineers participating
9 in making those improvements?

10 A. I don't know.

11 Q. Okay. Is it true today that Ripple is
12 committed to making XRP the best digital asset for
13 payments?

14 A. I mean, I would say today, as we have
15 obviously spoken about here and elsewhere, you
16 know, we want to see XRP be very, very liquid,
17 have a lot of utility, be very trusted. One
18 manifestation of that is its use case around
19 payments and Ripple's use case largely around
20 institutional liquidity.

21 Q. Okay. The -- on the second page of the
22 email, someone named [REDACTED] do you know who
23 that is?

24 A. Yes.

25 Q. Who is he?

1 A. He is [REDACTED]

2 Q. Okay. And does he hold XRP?

3 A. I don't know.

4 Q. Okay. [REDACTED] says -- I'm looking

5 at the second page, Mr. Garlinghouse. He says

6 "Congratulations," et cetera. He talks "You will

7 have to conduct a seminar (for me at least) on the

8 dynamics of cryptocurrency markets and what drives

9 the staggering appreciation and/or volatility. I

10 appreciate that the appreciation is likely not to

11 be a one-way trip."

12 Do you see that?

13 A. Yes.

14 Q. Is it fair -- and then, on the front

15 page, you say "On crypto I think there are four

16 drivers so far this year for XRP," and you list

17 four things.

18 Do you see that?

19 A. Yes.

20 Q. Okay. And were you accurately

21 reflecting your beliefs as the time -- at the time

22 as to the factors that went into the increase in

23 price of XRP?

24 A. I think I'm accurately reflecting, as

25 best I can, to [REDACTED] who has

1 very little understanding of technology or
2 certainly the crypto market.

3 Q. Explaining what you believed to be the
4 factors that went into the increase in price of
5 XRP?

6 MR. SOLOMON: Objection; form.

7 A. I think I'm as simplistically as
8 possible trying to, as I think he asked, "conduct
9 a seminar on the dynamics of cryptocurrency
10 markets and what drives the staggering
11 appreciation and/or volatility."

12 As I've testified earlier today, I think
13 that's a very, very, very hard thing to do, in
14 understanding what drives the volatility and
15 activity in the crypto markets even today, for
16 example.

17 Q. In June of 2017, you had the view that
18 to the extent Ripple does well in announcing
19 customers, that could drive market interest in
20 buying XRP as a speculative investment, correct?

21 A. You know, as I've testified earlier
22 today, I think there were times in 2017 that I had
23 the miscon -- the belief that -- and maybe
24 optimism perhaps -- that Ripple's activities had
25 in some ways touched the XRP markets.

1 Q. And in 2017 you also believed that
2 announcements about new exchanges listing XRP also
3 created tailwinds for the XRP market, right?

4 A. Yes. The more exchanges that list XRP,
5 the more liquidity there is in the XRP market, the
6 more trading pairs there are in the XRP market.
7 And I think it's fair to call that tailwinds.

8 Q. Well, here you're not talking about the
9 exchanges listed. You're talking about
10 announcements about exchanges listed.

11 MR. SOLOMON: Objection; form.

12 Q. So my question is, is it fair to say
13 that in 2017 you believed that announcements about
14 exchanges listing XRP created tailwinds?

15 A. I think you're making a distinction that
16 I'm not making. Announcing a new exchange listing
17 and implementing a new exchange listing I kind of
18 view as one and the same.

19 Q. Okay. And tailwinds means good for the
20 market generally? Or what does tailwinds mean?
21 It's your -- it's your email.

22 MR. SOLOMON: Objection; form.

23 A. When I use the word "tailwinds," I'm
24 usually suggesting that macro trends are positive
25 and constructive. And so to the extent more

1 exchanges are listing XRP, it's creating more
2 liquidity in the XRP market, and I view that as
3 net positive for all participants in the XRP
4 market.

5 Q. And, again, liquidity means, in your
6 mind, volume?

7 MR. SOLOMON: Objection; asked
8 and answered.

9 A. One critical aspect of liquidity I would
10 say is volume.

11 Q. And before I move on, if you can go back
12 to your original email, when you talked about the
13 over 5,000 percent increase in the price of XRP,
14 you say "Ripple is worth more than all but four
15 U.S. start-ups."

16 Do you see that?

17 A. Yes.

18 Q. How were you valuing Ripple? Ripple's
19 shares did not have, for example, like an actively
20 traded market at this time, right?

21 MR. SOLOMON: Objection; form.

22 A. That's correct.

23 Q. How were you valuing Ripple when you
24 made this statement?

25 A. It looks like I'm referencing a CNBC

1 article. And so I'm looking at how CNBC may have
2 valued Ripple.

3 Q. In -- in fact, you say, "In fact,
4 factoring in the 18 billion of XRP we own, Ripple
5 is worth more than all but four U.S. start-ups,"
6 right?

7 A. That is what the email says and then it
8 links to an article that apparently I'm
9 referencing that I assume references the value of
10 Ripple.

11 Q. What were Ripple's revenues from
12 software sales in June of 2017?

13 A. I don't recall.

14 Q. Magnitude? Order of magnitude?

15 A. In the [REDACTED]
16 [REDACTED] millions.

17 Q. Okay. Let's look at Exhibit 32.

18 (Whereupon, exhibit is received
19 and marked Garlinghouse Deposition
20 Exhibit 32 for identification.)

21 MR. TENREIRO: Here you go.

22 (Pause)

23 BY MR. TENREIRO:

24 Q. All right. In this email, the subject
25 is "Memes we should push."

1 Do you see that?

2 A. Yes.

3 Q. Memes we should push where?

4 A. I don't know.

5 Q. In public?

6 MR. SOLOMON: Objection; asked

7 and answered.

8 A. I don't know.

9 Q. You say "There are two memes I think we
10 want to push aggressively (well, we really want to
11 push the first one - maybe/maybe not the second
12 one)." The first one is XRP is -- now I'm not
13 reading. I'm -- "XRP is the best performing
14 (digital) asset in 2017. We are up more than
15 10,000 percent for the year."

16 Do you see that?

17 A. Yes.

18 Q. Why were you instructing the Hatch
19 Agency to aggressively push the meme that XRP was
20 up more than 10,000 percent for the year?

21 MR. SOLOMON: Objection; form.

22 A. I think to the extent I'm educating the
23 market about the advantages and differences
24 between XRP and the performance of XRP relative to
25 other digital assets, that is constructive in

1 getting more people doing things around the XRP
2 ecosystem which drives liquidity of the whole
3 ecosystem.

4 Q. So you were -- you wanted the [REDACTED]
5 [REDACTED] to aggressively push the concept of XRP's
6 rise in price in order to bring liquidity into the
7 ecosystem, is that correct?

8 MR. SOLOMON: Objection.

9 A. I think I'm -- I mean, it's a statement
10 of fact, I think -- I don't remember exactly --
11 that XRP, regardless of the reasons, outperformed.
12 And I think highlighting the unique, as I say --
13 "and makes XRP unique" -- I think uniquely --
14 "position to capitalize on the many opportunities
15 for digital assets."

16 I think the more people who are building
17 on top of, contributing to, and driving liquidity
18 in XRP markets, that's good for Ripple. That's
19 good for all the participants in the XRP market.

20 Q. And liquidity in your answer means, in
21 part at least, more volume of XRP trading?

22 A. That's correct.

23 Q. All right. And then above you say, you
24 know, you can live stream and tweet storm some of
25 this information.

1 Do you see that?

2 A. I do see that.

3 Q. Did you engage in a tweet storm about
4 this topic?

5 A. I -- this is over about four years ago.
6 I don't know the answer to that.

7 Q. Above you say "At today's XRP prices,
8 Ripple is more valuable than every other private
9 company in Silicon Valley except for Uber."

10 Do you see that?

11 A. I do see that.

12 Q. How did you value Ripple in order to
13 make that statement?

14 A. I presume I'm using the same -- what was
15 the last article you sent me? The CNBC framework.
16 That they're looking at Ripple's holdings of XRP.

17 Q. To value Ripple?

18 A. I -- I don't remember this email, and so
19 I'm presuming -- I don't know what the date
20 comparisons are. It's actually quite different
21 dates. So I -- I presume some have looked at
22 Ripple and said Ripple owns a lot of XRP, as you
23 saw in the CNBC article, and so I'm probably using
24 that same logic.

25 Q. Yeah.

1 And that CNBC article -- by the way, did
2 you reach out to CNBC to try to correct any
3 confusion about, you know, linking Ripple to XRP
4 or did you instruct anyone else to do that?

5 A. I don't recall.

6 Q. Okay.

7 MR. TENREIRO: Let's take a break
8 so --

9 MR. SOLOMON: Sure.

10 MR. TENREIRO: Let's go off the
11 record.

12 THE VIDEOGRAPHER: Okay. Going
13 off the record at 6:28.

14 (Whereupon, a recess is taken.)

15 THE VIDEOGRAPHER: Okay. Back on
16 the record, 6:41.

17 BY MR. TENREIRO:

18 Q. Okay. Do you have -- sorry, which one
19 do you have in front of you?

20 A. Exhibit 32.

21 Q. Okay. This is the one where you're
22 talking about the memes about pushing aggressively
23 the performance of XRP, correct? This is in
24 December of 2017?

25 MR. SOLOMON: Is that a question?

1 MR. TENREIRO: Yes.

2 Q. Is this -- is this where you were
3 discussing aggressively pushing XRP's performance
4 in 2017?

5 A. I -- I think -- your characterization,
6 yes.

7 Q. All right. Here's Exhibit 33.

8 (Whereupon, exhibit is received
9 and marked Garlinghouse Deposition
10 Exhibit 33 for identification.)

11 BY MR. TENREIRO:

12 Q. While you take a look, I'll say that --
13 please read it. There's an attachment that I
14 included for completeness. I'm going to ask you
15 about the email, but you can read the whole thing
16 if you need to. The email is RPLI_SEC 866480.

17 (Pause)

18 Q. Mr. Garlinghouse, in 2000 -- around
19 December 15, 2017, did you have a meeting with
20 Ripple's board where you discussed their offer to
21 help Ripple spread the word? Bottom of the email.

22 MR. SOLOMON: Objection; form.

23 A. I -- as described, I have no
24 recollection of that, but I believe that's the
25 case.

1 Q. Okay. And the purpose -- is it fair to
2 say that the purpose of sending them the attached
3 FAQ was to arm them with Ripple's Key Messages?

4 A. I'm assuming that someone asked for that
5 information at the board meeting, and so we were
6 following up on a request from the board.

7 Q. And spread the word to whom?

8 A. That -- their family, their
9 respective -- I don't know. I mean, there's a lot
10 of people interested, particularly, frankly, in
11 December of 2017, there was a lot of people
12 interested in crypto. And there's, you know, more
13 interest in knowledge. There's more interest in
14 facts. And so to the extent we can help our board
15 members particularly be -- have more expertise,
16 more knowledge, that's probably useful.

17 Q. Did you restrict the board members --
18 did you restrict to whom they might spread the
19 word to in any way?

20 A. I don't recall.

21 Q. Is it possible that you did?

22 A. I don't know how I'd do that.

23 Q. Well, did you ask any of the board
24 members, you know, here's our Key Messages, but,
25 you know, don't discuss those with X, Y, Z types

1 of people? Did you say anything like that?

2 A. I -- I don't recall.

3 Q. Okay. And here in the email, you
4 discuss, again, "The price of XRP is up 200
5 percent since Monday." You note that as well?
6 You note that, correct?

7 A. Yes. I also note that crypto will
8 continue to be volatile, unpredictable, and even
9 at times irrational.

10 Q. And, in fact, you stated in your talking
11 points that you took a longer term of the view of
12 the market for XRP?

13 A. Yeah. I think I've said publicly that I
14 try not to pay attention to the gyrations of the
15 market. I think, you know, "We're not here to
16 pump XRP. We can't know exactly what will happen
17 to the price of XRP in the coming days or weeks."

18 THE REPORTER: Slow down.

19 THE WITNESS: I'm sorry.

20 A. "We can't know exactly what will happen
21 to the price of XRP in the coming days or weeks."

22 Q. And you stated publicly on a number of
23 occasions that you didn't look at the XRP price
24 over the course of the next three days or weeks
25 but, rather, three to five years, correct?

1 MR. SOLOMON: Objection; form.

2 A. Yes. I mean, to be clear, I viewed that
3 as kind of just -- I'm trying to take a long-term
4 view of crypto overall, of XRP. And, you know, my
5 counsel, which I think is, you know, repeated
6 is -- for employees and otherwise, is to not let
7 the craziness of, excuse me, the crypto markets
8 distract us.

9 Q. And you've also stated publicly on
10 occasion that you were long XRP, correct?

11 A. Yes.

12 Q. In fact, I think you stated very, very
13 long at some points? There was --

14 A. I don't know how many verys -- I don't
15 know how many verys. I -- I said publicly that I
16 am long XRP.

17 Q. You stated that you know Rip -- at
18 Ripple you're capitalists with respect to
19 commenting on XRP?

20 MR. SOLOMON: Objection; form.

21 A. Could you ask that question again?

22 Q. With respect to discussing XRP in
23 public, you've stated, you know -- in sum and
24 substance; I'm not quoting you exactly -- Ripple,
25 we're capitalists, you know. We want -- we are

1 interested in XRP.

2 A. I think I probably said we're interested
3 in long-term success of the XRP markets.

4 Q. Okay. And how do you measure the
5 long-term success of the XRP markets?

6 A. Liquidity, value, utility, trust.

7 Q. Trust from whom?

8 A. Anyone who's interested in -- in crypto
9 or in the movement of financial value.
10 Governments.

11 Q. In the email, you say, "1, XRP's rise
12 over the course of this year signals market
13 expectations of our company."

14 Do you see that?

15 A. I do see that.

16 Q. What expectations was the rise
17 signaling?

18 A. I don't know.

19 Q. Expectations that the company -- was it
20 expectations that the company would do something?

21 A. I don't know.

22 Q. Okay.

23 A. It looks to me a little bit like I'm
24 using it as a rallying cry. "All eyes are on us
25 and it's more important now than ever that we

1 execute." There was a lot of attention around the
2 crypto markets. There was a lot of attention
3 around Ripple. It's important that we didn't get
4 distracted by the volatile, unpredictable and, at
5 times, irrational markets and instead built
6 products that benefited our customers.

7 Q. So when you say "execute," execute on
8 what?

9 A. Execute on our product strategy, execute
10 on our sales efforts, execute on our development.

11 Q. Sometimes you described it as solving a
12 trillion-dollar problem, is that right?

13 MR. SOLOMON: Objection; form.

14 A. I think I have described that the way
15 liq -- the way financial institutions move
16 liquidity today results in trapped capital. The
17 system, typically referred to as Nostra/Vostro
18 accounts --

19 THE REPORTER: I need that again.

20 THE WITNESS: No --

21 N-O-S-T-R-O-/-V-O-S-T-R-O.

22 A. And according to studies I have read,
23 including by McKinsey, that amount sitting out
24 there is measured in the trillions.

25 Q. And the general media training FAQ,

1 what was the purpose of that document?

2 A. To be a general media training document.

3 Q. Was the purpose of that document to
4 provide talking points for when Ripple employees
5 spoke with the media?

6 MR. SOLOMON: Objection; form.

7 A. Well, typically we didn't -- I mean, I
8 would say the short answer is no. I mean, we
9 didn't empower all of our employees to talk to the
10 media.

11 Q. Well, to the extent that some did, to
12 the extent -- was the purpose -- was one of the
13 purposes of this document to provide talking
14 points for those Ripple employees who did speak to
15 the media for when they did so?

16 A. My experience in how our Comms teams
17 worked is they would have had something that
18 wasn't general media, but specific to a specific
19 outlet or to a specific event, a specific panel.
20 So the general media training, you know, I think
21 is here's some information about the company that
22 might be useful. And in this case -- again, I
23 think it was catalyzed coming out of the board
24 meeting -- I'm presuming that someone on the board
25 had questions about what was going on and how they

1 should be talking about the company.

2 Q. Talking publicly about the company?

3 A. That's your characterization, not mine.

4 Q. I'm asking you. Was it talking
5 publicly?

6 A. I don't know.

7 Q. Okay. Stepping away from the board
8 members, again, the general media training FAQ
9 document, was the purp -- was one of the purposes
10 of this document to provide talking points for
11 public speaking about Ripple to the extent a
12 person engaged in such public speaking?

13 A. I don't think it would have been this
14 document, but a more targeted, specific document,
15 depending upon the audience, the panel, event,
16 what have you.

17 Q. So this was -- was this maybe, then,
18 like sort of a base document and then from them --
19 from there you could create a more specific one
20 depending on the audience, event, or panel?

21 MR. SOLOMON: Objection; form.

22 A. Yeah, I think that's a fair
23 characterization.

24 Q. Okay. And having just reviewed the FAQ,
25 is it fair that on or around 2017, December of

1 2017, these are ideas that Ripple employees might
2 have stated publicly?

3 A. I don't think this was -- I mean, as
4 I've testified earlier, I don't think this was
5 distributed to all of our employees.

6 Q. Right.

7 So my question is, to the extent
8 employees of Ripple spoke publicly, do you have a
9 recollection on or around December 2017 hearing
10 some of these things said publicly?

11 MR. SOLOMON: Objection.

12 A. I don't recall.

13 Q. For example, you know, on page 2, you
14 say "We've been strong stewards of XRP and our
15 interests are very much aligned."

16 A. Can you point to me where that is?

17 Q. Yeah. The second page of the FAQ
18 towards the bottom. There's -- almost at the end.

19 MR. SOLOMON: What is the
20 question, please?

21 Q. Is it fair to say that on or around
22 December of 2017, you or other Ripple employees
23 might have stated publicly something similar to
24 what's here, which is "We've been strong stewards
25 of XRP and our interests are very much aligned"?

1 MR. SOLOMON: Objection; calls
2 for speculation.

3 A. I don't know. I -- I, to my knowledge,
4 haven't seen this. I don't recall seeing this
5 document, so I don't know.

6 Q. Okay. What about a little further up
7 where it says "Important to note that we take a
8 very long view of the market and don't get caught
9 up in short-term price gyrations"? Is that a
10 concept that you or other Ripple employees spoke
11 of publicly on or around December of 2017?

12 A. I -- I don't know.

13 Q. Okay. On the last part, it says "The
14 SEC's guidance is no surprise."

15 Are you referring -- what are you
16 referring to there? What guidance?

17 A. The header there says "What's your
18 stance on ICOs?" So I think I'm reacting to the
19 ICO boom of 2017.

20 Q. But what SEC guidance are you referring
21 to?

22 A. I don't know.

23 Q. You say "It's consistent with how the
24 law has worked for 70 years."

25 Do you see that?

1 A. Yes.

2 Q. Okay. And you had not hired
3 Mr. Ceresney at that point, correct?

4 A. No.

5 Q. Okay. So where -- where did you get
6 this from, that the SEC's guidance "was consistent
7 with how the law has worked for 70 years"?

8 A. I don't know.

9 Q. How referring to the Howey test?

10 A. I don't know.

11 Q. And -- okay.

12 So how -- is there some document that
13 might refresh your recollection as to what the
14 basis was for your statement that the SEC's
15 guidance was no surprise and was, in fact,
16 consistent with how the law has worked for 70
17 years?

18 MR. SOLOMON: Objection; form.

19 A. I don't have any recollection.

20 Q. Okay. Had -- Ripple had quarterly
21 all-hands meetings, is that right?

22 MR. SOLOMON: Can I just ask one
23 clarifying question?

24 MR. TENREIRO: Yes.

25 MR. SOLOMON: Did -- did you --

1 did you write these general media FAQs?

2 THE WITNESS: No.

3 MR. SOLOMON: Do you know who

4 did?

5 THE WITNESS: No.

6 MR. SOLOMON: Okay.

7 BY MR. TENREIRO:

8 Q. Did you review them before you sent them
9 to the board --

10 A. I --

11 Q. -- of the company?

12 A. I don't think so.

13 Q. You don't -- you don't think you
14 reviewed them before you sent them to the board?

15 A. I don't recall, but I don't think so.

16 Q. Okay. Did you ever review them?

17 A. I would have reviewed a more specific
18 media briefing document to the extent I was
19 speaking publicly in or around that time that
20 would have been, frankly, customized for that
21 event.

22 Q. Do you recall writing to Ripple's
23 investors that the SEC had showed leadership in
24 regulation releasing guidance that it viewed
25 initial coin offerings as securities?

1 A. I -- I don't recall.

2 Q. Okay. You had -- Ripple had what you
3 called all-hands meetings from time to time?

4 A. Yes.

5 Q. And what was the purpose generally of
6 those meetings?

7 A. As the company grew, I think it became
8 more and more important to share with the company
9 kind of what's going on with the company, where
10 we're headed, get people excited about the future
11 of the company.

12 Q. And what was the frequency of these
13 meetings?

14 A. Depends on what time period we're
15 talking about.

16 Q. Let's say when you became CEO in 2017.

17 A. I don't know when exactly we
18 transitioned. We used to do them more frequently
19 and then, as time went by, because of a certain
20 amount of work involved with -- I think we
21 actually did them almost weekly when I first
22 joined the company and maybe became CEO. As time
23 went by and the company grew, we transitioned to
24 doing all-hands by each quarter.

25 We also have, you know, more informal

1 meetings more regularly, but...

2 Q. Right. And there's -- let's -- let's
3 stick to the all-hands for now.

4 Some of the -- the all-hands meetings
5 were recorded in some fashion, is that correct?

6 MR. SOLOMON: Objection; form.

7 A. I -- I -- I'm not aware.

8 Q. So, for example, are you aware as to
9 whether they were videotaped?

10 MR. SOLOMON: Objection; form.

11 A. I -- I think some of them, particularly
12 as we became more global, we started recording
13 them so that people in other time zones -- if
14 you're in Singapore and we're doing an all-hands
15 at, you know, 10 a.m. on a Monday, that's a pretty
16 God-awful time for the team in Singapore. And so
17 we would have, I think, recorded them and
18 encouraged the team members in Singapore to watch
19 them.

20 Q. Did you speak -- after you became CEO,
21 did you speak at all at these all-hands meetings?
22 As a general matter. I understand you might have
23 missed one, but generally speaking.

24 A. Generally speaking, yes.

25 Q. Did Mr. Larsen speak at -- at the

1 all-hands meetings at any time?

2 A. At any time, yes. Certainly, again, it
3 depends on what time period we're talking about,
4 but less and less, though.

5 Q. What about 2017?

6 A. I don't recall.

7 Q. Okay. What other meetings were recorded
8 so -- sort of for this purpose of other Ripple
9 employees, different time zones, et cetera?

10 A. I -- I --

11 MR. SOLOMON: Objection; form.

12 A. I -- I don't know which ones are
13 recorded, which ones are not recorded.

14 Q. Who would know?

15 A. Maybe the Comms teams. Maybe the, kind
16 of, IT operations team that actually would have
17 done the recording.

18 Q. And where are the recordings stored?

19 MR. SOLOMON: Objection; form.

20 A. I don't know.

21 Q. Did you know that you were being
22 recorded when you spoke at those meetings?

23 MR. SOLOMON: Objection. I don't
24 think he knew they were all being
25 recorded, but I'm sorry --

1 Q. When you were being recorded, did you
2 know?

3 MR. SOLOMON: Okay. Okay.

4 A. I -- I don't recall.

5 Q. Did you ever ask anyone at Ripple not to
6 record any of these meetings?

7 A. I don't believe so. I don't recall
8 knowing that they were always being recorded, so I
9 don't think I would have taken the energy to say
10 let's not record them.

11 Q. Okay. Let's do Exhibit 101.

12 MR. TENREIRO: And do you want to
13 explain or do you want me -- what do you
14 want to do?

15 MR. BAMBERGER: Why don't I do it
16 and you can correct.

17 MR. TENREIRO: Okay.

18 MR. BAMBERGER: And so there are
19 a number of transcripts the SEC's counsel
20 has provided to Mr. Garlinghouse's counsel
21 prior to the questioning of him. They run
22 to over 300 pages. And so --
23 collectively.

24 And so the agreement that we've
25 made is that Mr. Garlinghouse will not --

1 has not had the opportunity to review the
2 transcripts in their entirety. The SEC's
3 counsel has pointed us to portions of the
4 transcripts he expects to question
5 Mr. Garlinghouse about. We've asked
6 Mr. Garlinghouse to review those portions
7 that the SEC has designated.

8 They're, in several of them,
9 portions prior to the portions the SEC
10 has designated, in which there are other
11 discussions of other aspects of Ripple's
12 business. We have highlighted those
13 portions in pen. And to the extent those
14 discussions are, in Mr. Garlinghouse's
15 mind, relevant to his answers to the
16 questions the SEC's counsel poses to him,
17 he should look at those portions.

18 MR. TENREIRO: I think that's
19 fair. And I will add that I also stated
20 to Mr. Bamberger, Bamberger
21 (pronunciation), that to the extent that
22 that is necessary for -- to read
23 additional parts, we're going to seek more
24 time because, as he said, these are over
25 300 pages long and it would take hours to

1 read all of them.

2 MR. BAMBERGER: And we reserve
3 our right to object to --

4 MR. TENREIRO: Yeah, exactly.
5 Same thing.

6 (Whereupon, exhibit is received
7 and marked Garlinghouse Deposition
8 Exhibit 101 for identification.)

9 BY MR. TENREIRO:

10 Q. Okay. So I'm going to start with 101
11 and I'm going to tell you, Mr. Garlinghouse, that
12 my understanding is that this was recorded on
13 October 12th, 2017.

14 MR. TENREIRO: So here's
15 Bridget's copy. Here's Matt's copy.
16 Here's the extra and yours.

17 Q. And, as your counsel said, there's
18 pencil markings, which is the part that I'd like
19 you to read now.

20 A. Thank you.

21 MR. TENREIRO: And so for the
22 people that are looking at it that don't
23 have it marked, I'm looking at the third
24 page that says "SEC_SEC-E-10454."

25 BY MR. TENREIRO:

1 Q. Mr. Garlinghouse, on the -- on the left
2 side, there's sort of a page and line number. So
3 for the record, I'm going to ask -- I've asked you
4 to read what's marked page 7, line 13 to page 8,
5 line 2. Thank you.

6 (Pause)

7 A. Okay.

8 Q. Okay. Do you see here that you referred
9 to a chart of XRP's stock price?

10 A. I see that reference, yes.

11 Q. Okay. And did you make that mistake
12 often in 2017?

13 A. I don't think so, no.

14 Q. Did others at Ripple?

15 A. I don't think so.

16 Q. Why do you think you made that mistake?

17 A. Without looking at the visual, I don't
18 know.

19 Q. Okay. You mean the videotape recording?

20 A. No, I mean -- I think I'm referencing a
21 chart that I think is on the screen.

22 Q. I see.

23 A. And sometimes how the data is presented
24 in a chart could influence how one might -- it
25 might have looked like a, quote, stock chart.

1 Q. Sure. Sure.

2 And so from reading this part, you
3 believe there was some sort of visual you were
4 using at the meeting?

5 A. Well, I think what this transcript says
6 is "This is a chart of XRP's stock...not stock
7 price. Sorry. (Laughter)." So the chart, I'm
8 presuming, was somehow shown to the company in a
9 visual manifestation.

10 Q. Generally speaking, when you had these
11 all-hands meetings, did you have a visual, sort
12 of, like PowerPoint slides or any other visual
13 aid?

14 MR. SOLOMON: Hold on one second.
15 Hold on one second.

16 MR. TENREIRO: I'm sorry, do we
17 need to go off the record? Because I
18 don't -- let's go off the record if you
19 want to discuss.

20 THE WITNESS: That's fine.

21 MR. TENREIRO: Off the record,
22 please.

23 THE VIDEOGRAPHER: Going off the
24 record at 7:05.

25 (Pause)

1 THE VIDEOGRAPHER: Back on at

2 7:09.

3 BY MR. TENREIRO:

4 Q. Okay. Mr. Garlinghouse, I was asking
5 you, did you typically have visual aids like
6 PowerPoints or other visual aids for the all-hands
7 meetings?

8 A. Yes.

9 Q. Who prepared them for you?

10 A. Multiple people, generally led by the
11 Comms team or marketing team.

12 Q. Okay. And why did you prepare them?

13 A. I didn't prepare them.

14 Q. Why did you have them prepared?

15 A. Well, it's not that often -- obviously,
16 as we talked about, it's a quarterly all-hands.
17 It's not that often we have the whole company
18 together. And I think treating that -- if we're
19 going to invest that much time in bringing
20 together hundreds of people, we should prepare the
21 time and energy to make sure they're thought
22 through a bit and communicating the information
23 that would be most interesting and relevant to our
24 employees.

25 Q. Okay. And what -- where are those

1 PowerPoint present -- were they PowerPoint
2 presentations?

3 A. Probably not. They're probably Google
4 slides.

5 Q. And where are they?

6 MR. SOLOMON: Objection.

7 A. I -- I don't know. I don't -- maybe I
8 don't understand the question.

9 Q. To the extent that they were electronic
10 files, where are they now?

11 MR. SOLOMON: Objection.

12 A. I presume they are stored on --

13 MR. SOLOMON: Do you know where
14 they are?

15 THE WITNESS: No, I don't know
16 where they are.

17 Q. What's your best understanding as to
18 where something like that would be?

19 A. Ripple predominantly, as I think you are
20 aware, uses Google Docs. And so in Ripple's --
21 directly and indirectly, Ripple's data
22 infrastructure, some of them would be stored or
23 maybe they've been deleted over time. 2017 is a
24 long time ago.

25 Q. Okay. And the all-hands meetings, is

1 it -- were you discussing -- I'm trying to get a
2 sense as to what you selected to discuss at these
3 meetings.

4 Was it everything under the sun that had
5 happened at the company or did you try to focus on
6 the important developments since the last meeting?

7 MR. SOLOMON: To the extent you
8 can answer a very general question with a
9 very general answer, obviously do that.

10 A. I mean, the first thing I'm going to say
11 is I'm not sure I was the one selecting. And I
12 think given that I don't think I was the one
13 selecting, I would have looked to others to
14 determine what was most poignant and relevant to
15 our employees.

16 Q. And would the others be your direct
17 reports?

18 A. Sorry. Could you ask that question
19 again?

20 Q. Yeah. Would the others you
21 referenced -- you said "I would have looked to
22 others to determine what was more poignant and
23 relevant to our employees." Would those others be
24 your direct reports?

25 A. Some of them, but not all of them. Some

1 of the people involved would not have been my
2 direct reports.

3 Q. Okay. And did you give them any
4 directive as to what sort of information they
5 should select for presentation at the all-hands
6 meetings?

7 A. I -- at any of the meetings ever did I
8 ever encourage --

9 Q. No. I was asking for more general.
10 Did you give more general guidance to
11 them when you started being CEO about what you
12 wanted to present to the company?

13 A. I -- I don't have a specific
14 recollection of that, but I expect that I would
15 have -- with their guidance and leadership, I
16 trusted that team. I would have collaborated with
17 them about what should be presented.

18 Q. Okay. And, generally speaking, how long
19 did these meetings last, the all-hands?

20 A. Probably 90 minutes.

21 Q. Okay. And did -- again, generally --
22 I'm not asking for a specific one. Generally,
23 were there occasions where different Ripple
24 employees presented information?

25 A. Generally speaking, more than one person

1 would speak. In fact, I think oftentimes I would
2 do the smallest amount of the total time spent.

3 Q. Okay. Did you attend a meeting, a
4 Ripple meeting, where Ms. O'Gorman and others
5 discussed the legal status of XRP under the
6 securities laws? I'm not asking you for the
7 substance of the discussion. I'm just asking for
8 a yes or no, did you attend such a meeting?

9 A. Just because I'm losing the -- the
10 thread here. Nothing to do with all-hands.
11 Nothing to do with what's in front of me.
12 Separate question. Could you ask that question
13 again that --

14 Q. Did you attend a meeting, a Ripple
15 meeting, where Ms. O'Gorman and others discussed
16 the legal status of XRP under the securities law?

17 A. I don't recall.

18 Q. Okay. Let me ask you to take a look at
19 99, which I have here.

20 (Whereupon, exhibit is received
21 and marked Garlinghouse Deposition
22 Exhibit 99 for identification.)

23 BY MR. TENREIRO:

24 Q. All right. So 99, to my understanding,
25 is December 12th, 2017. And, again, I marked it

1 in pencil so let me pass it on to you.

2 A. Are we finished with 101?

3 Q. Yes. So that's for you and then for
4 everybody else.

5 A. This is mine.

6 MR. TENREIRO: So here's three.

7 MR. SOLOMON: Thank you.

8 A. Oh, it was an extra one.

9 MR. TENREIRO: So what I asked
10 him to look at -- so go ahead -- is -- the
11 Bates is 10277. And the page on the left
12 side is 24, 2 to 27, 7.

13 MR. CERESNEY: And, Jorge, can
14 you put on the record the date of this?

15 MR. TENREIRO: Yes. I believe
16 it's the 12th of December of 2017.

17 A. Just also for my macro, this is an
18 all-hands transcript?

19 Q. That is my -- well, in fact -- in fact,
20 if you -- one second. Yes. I will show you.
21 That is my understanding.

22 A. Sorry? I apologize. I was reading
23 outside of the pencil marks just to make sure I
24 understand what this is a transcript from and I'm
25 having a little trouble figuring that out. And

1 the date.

2 Q. The date is not reflected there. I'm
3 telling you the date based on the production from
4 counsel.

5 A. And, sorry, can you tell me the date
6 again?

7 Q. 12 December 2017.

8 A. 12 December 2017?

9 And would --

10 Q. Do you still have Exhibit 33 in front of
11 you? I think it's that one. I think it's this
12 one.

13 A. Yep.

14 Q. All right. Actually -- well, this will
15 be relevant in a sec. Just read the pencil part,
16 please, of the Exhibit 99.

17 A. I'm just trying to make sure I
18 understand what I'm reading.

19 Q. My understanding is that it's a
20 recording of an all -- all-hands meeting that
21 occurred on December 12th, 2017.

22 A. At the Ripple offices?

23 Q. You'd have to ask your counsel. I don't
24 know where the recordings were made. I assume so.

25 MR. CERESNEY: That's not a

1 question for counsel. That's a question
2 for the witness.

3 MR. TENREIRO: That's right.

4 MR. CERESNEY: We produced the
5 documents. Doesn't necessarily mean we're
6 going to -- we know exactly where it was
7 recorded.

8 BY MR. TENREIRO:

9 Q. Did Ripple have all-hands meetings
10 outside of the Ripple office?

11 A. Yes.

12 Q. Oh, okay. And were those recorded?

13 A. I believe so -- to be honest, I don't
14 know which ones were and weren't, as I said
15 earlier. So I don't know.

16 Q. Okay.

17 A. Part of the reason I was asking that
18 question was where it was recorded would tell me
19 if it was in our old office, new office. It would
20 just help me understand the context for what's
21 being presented, but...

22 MR. SOLOMON: Why don't you read
23 this passage. And if there's more of it
24 that you need to read, based on the
25 agreement we made with the SEC, we can

1 direct you to additional portions of the
2 document --

3 THE WITNESS: Okay. Sounds good.

4 MR. SOLOMON: -- as needed.

5 MR. WARD: And just for clarity
6 of the record and for those of us who
7 don't have a copy, could I ask the page
8 and line numbers be read into the record
9 that we're talking about?

10 MR. TENREIRO: Sure. I already
11 read them.

12 MR. WARD: Oh, you did?

13 MR. TENREIRO: Yeah. I already
14 read them, so --

15 MR. WARD: That's fine.

16 MR. SOLOMON: Do you -- do you
17 not have a copy?

18 MR. WARD: No, we have a copy.

19 MR. SOLOMON: Okay. It's 10277,
20 line 1, through 10278, line -- page 27,
21 line 7.

22 MR. TENREIRO: Yeah. That's
23 correct, Matt. I asked -- right now the
24 transcript says 267, maybe this is just a
25 typo, but it is 277.

1 MR. SOLOMON: Okay. Thanks.

2 (Pause)

3 THE WITNESS: Okay.

4 BY MR. TENREIRO:

5 Q. All right. So I'm -- do you see
6 generally that you talk about the 4,000 percent
7 increase in the price of XRP in 2017?

8 A. I -- I was a little bit confused by the
9 transcript because, you know, I don't know how the
10 transcript's created, but it -- it doesn't
11 reference XRP, I don't think. I mean, I
12 understand why you might assume that. But it's
13 referencing Dash and I don't know if it's talking
14 about a digital asset called Dash that's up 4,000
15 percent or it's referencing XRP.

16 Q. Is it fair to say that in this portion
17 of the transcript, you are nevertheless discussing
18 the price of XRP, for example, where you say "But
19 if you just look at the last three months, XRP has
20 underperformed the market"?

21 A. Yeah. Much further down -- and, again,
22 without seeing the video itself -- much further
23 down, separate from the 4,000 percent, which I
24 think you attributed to the performance of XRP,
25 which I don't know if that's correct, I'm

1 suggesting that XRP has underperformed the market.
2 Maybe I'm presenting a slide that talks about lots
3 of different crypto assets and their performance
4 and I'm showing a chart saying that XRP has
5 underperformed in the last three months.

6 Q. Okay. And then you say "Anyway, the
7 point I'm making here is I'm going to continue to
8 beat the drum that it isn't about three days,
9 three weeks or three months. It's about three
10 years or five years. If we execute our strategy
11 successfully and we get lots of financial
12 institutions around the world using our services,
13 using our solutions, it's going to drive demand
14 for XRP, and I am much more worried about that
15 three- to five-year arc of time than a three day."

16 Do you see that?

17 A. Yes.

18 Q. And are you -- is this similar to
19 statements you made publicly about your focus on
20 three to five years for the XRP markets?

21 A. Yes.

22 Q. Okay. And then you say "Now I'm going
23 to contradict some of what I just said. It
24 matters that we stay in the lead pack. If people
25 perceive us as an after-run and kind of dropping

1 down the ranking, if you will, as measured by
2 market capital, I do worry about that."

3 Do you see that?

4 A. I do. I'm guessing that there's a bit
5 of a transcription problem because I probably
6 didn't say market capital as an example.

7 Q. You might have said market cap?

8 A. Market capitalization.

9 Q. Market capitalization. Okay.

10 And is it -- and the market
11 capitalization, I think we discussed earlier, you
12 measure as price times units, right?

13 A. I don't know how else I would measure
14 it. Yeah.

15 Q. I just want to have it for the record.

16 So -- so is it fair to say that here
17 you're worried about -- you are expressing your
18 concern that if people perceive Ripple dropping in
19 the ranking of market capitalization, that's not
20 good?

21 MR. SOLOMON: Objection; form.

22 A. I think if you meant XRP, not Ripple, I
23 would probably agree.

24 Q. Okay. So "if people perceive us" is a
25 reference to XRP? "Us" is XRP in that sentence?

1 A. Where are you -- where are you reading?
2 What line?

3 Q. Towards the bottom. "If people perceive
4 us as an after-run and kind of dropping down the
5 ranking, if you will, as measured by market"
6 capitalization -- I know the transcript says
7 "capital." So is your testimony that the "us" in
8 that sentence is XRP?

9 A. I -- I think I'm referring to XRP in
10 that context, yes.

11 Q. Okay. And why are you using "us" to
12 refer to XRP?

13 A. I -- I don't know if the transcript's
14 correctly -- correct and whether or not I actually
15 said that, but I -- I also could have misspoke.

16 Q. And then you say "I think that is, you
17 know, the perception of Ripple, the brand
18 perception of Ripple shifts a little bit."

19 So is it -- were -- were you expressing
20 the idea that if the market capitalization of XRP
21 went down, the brand perception of Ripple shifted?

22 MR. SOLOMON: Objection; form.

23 A. Yes.

24 Q. Okay. And when you talk about the
25 ranking, is this a reference to sort of what we've

1 discussed earlier, the ranking, the top three, you
2 know, when you see the market capitalizations of
3 bitcoin and other digital assets?

4 MR. SOLOMON: Objection; form.

5 A. Yes.

6 Q. Okay. And is it still true today that
7 you worried that if XRP is seen as dropping in
8 this ranking, that affects Ripple's brand
9 negatively?

10 MR. SOLOMON: Objection; form.

11 A. So if XRP is not widely listed on
12 exchanges and doesn't have robust volume, which
13 would happen if there's fewer exchanges listing
14 it -- exchanges are motivated to list the most
15 liquid digital assets because those are the ones
16 that trade the most. They get fees based upon
17 trading, as we discussed earlier.

18 If the fees that they get from one
19 digital asset versus another digital asset reduce,
20 they might be inclined to either not list XRP,
21 which is not good for Ripple's desire to have lots
22 of liquidity between XRP fees and fiat pairs, or,
23 in some cases, halt trading, delist, what have
24 you.

25 Q. Okay. Let me try again.

1 Is it still -- is it still true today
2 that you worry that if XRP is seen as dropping in
3 this ranking, that that affects Ripple's brand
4 negatively?

5 MR. SOLOMON: Objection; form.

6 A. I'm making the point that if Ripple
7 can't deliver robust products, clearly that would
8 affect our brand perception. If -- if there's not
9 robust liquidity in the XRP markets between as
10 many currency pairs -- when -- when liquidity in
11 XRP goes down, that isn't good for what Ripple's
12 trying to do with our products. If we can't
13 execute -- and people understand this in the
14 marketplace.

15 And so as -- as XRP has gone from being
16 number two to number three, after the SEC lawsuit,
17 to number six, that's not good for Ripple's
18 business.

19 Q. Number six in what? Market
20 capitalization?

21 A. That's correct.

22 Q. Okay. And just to pick up on what you
23 just said, "When liquidity in XRP goes down, that
24 isn't good for what Ripple's trying to do with our
25 products."

1 So is it fair to say that when there are
2 fewer buyers and sellers of XRP, that's not good
3 for what Ripple's trying to do with the products?

4 A. I think my testimony was when there's
5 less liquidity, there could be fewer and more
6 liquidity, right? I mean, if you have really
7 aggressive market makers that are trading
8 actively, there could be lots of liquidity.

9 Q. Okay.

10 MR. TENREIRO: Let's take a look
11 at 129. Actually, I'm going to have to
12 ask Bridget to mark it because there's
13 no -- there's no -- there's no marking on
14 it. Just write it?

15 THE REPORTER: And I'll put a
16 sticker on it after.

17 MR. TENREIRO: Okay, great. And
18 here's yours.

19 MR. SOLOMON: Okay.

20 (Whereupon, exhibit is received
21 and marked Garlinghouse Deposition
22 Exhibit 129 for identification.)

23 BY MR. TENREIRO:

24 Q. This one I'm going to ask you to read
25 the whole thing, sir. That's for Bridget and this

1 is for you and this is for your counsel. And I
2 need one of the rest. This is a shorter one, but
3 you should just read the whole thing.

4 And in terms of -- my understanding is
5 this was December 14, although you'll notice in
6 the first line you say "We just went yesterday."
7 So possibly the 13th. I'm not sure, but we
8 understand this is...

9 A. I'm sorry, I don't -- I don't know what
10 the context is. Where is -- where? When? I
11 guess you said it's December --

12 Q. My understanding is that it's the 14th.
13 But if you read the first line, you say "Some of
14 you are wondering, hey, Brad, what's up? We just
15 met yesterday."

16 A. Is this an all-hands event or a media --

17 Q. You'll have to tell me after you read it
18 what you recall.

19 MR. SOLOMON: Just read it. See
20 if you remember.

21 THE WITNESS: Yeah.

22 MR. SOLOMON: Tell him as best
23 you can with whatever qualifications you
24 need.

25 (Pause)

1 BY MR. TENREIRO:

2 Q. Okay. Mr. Garlinghouse, having reviewed
3 the transcript, can you tell me why you had this
4 meeting?

5 A. My interpretation from reading the
6 transcript is that given the craziness going on in
7 the crypto markets, and specifically with XRP, I
8 wanted to remind people that we have products to
9 build, code to ship, customers to serve. And I
10 was pointing out that it could be easily
11 distracting when the volatility is what it sounds
12 like it was.

13 Q. The -- the -- the rapid swings in price?
14 That's volatility?

15 A. Yes.

16 Q. Okay. And you said you've "checked XRP
17 more today than I probably have in the last week
18 combined."

19 Is that a reference to checking the
20 price charts for XRP?

21 A. Yes.

22 Q. Okay. Towards the beginning, you say
23 "I've been stressed because every time the price
24 of XRP goes up, the expectations of everyone in
25 this room go up."

1 Do you see that?

2 A. I -- I -- I saw that when I read it. If
3 you tell me which line, I'm happy to take another
4 look at it.

5 Q. Yeah. It's page 3, line 6. It actually
6 starts at 5 -- no, page 3. If you look on the
7 left side, there's a little marker.

8 A. Oh, gotcha. Okay.

9 Q. Expectations from whom?

10 A. I don't know who I was referencing here.

11 Q. Then you say "the expectations on me go
12 up."

13 Whose expectations are you referencing
14 there?

15 A. Maybe the employees. I don't know.

16 Q. And then you say "The expectations that
17 everyone has about what Ripple is trying to do
18 goes up."

19 Whose expectations are you referring to
20 there?

21 A. Maybe our customers. I don't know.

22 Q. And when you talk about your
23 customers -- when you say your customers in that
24 answer, what Ripple customers are you referring
25 to?

1 A. Financial institutions.

2 Q. And which financial institutions were
3 Ripple's customers in December of 2017?

4 A. According to Exhibit 33, [REDACTED]

5 [REDACTED] -

6 THE REPORTER: I'm sorry, I'm
7 not getting that. "According to Exhibit
8 33..."?

9 A. According to Exhibit 33, [REDACTED]

10 [REDACTED]
11 [REDACTED] to name a few.

12 Q. Was Ripple selling XRP to those
13 institutions?

14 A. Some of them.

15 Q. Which ones?

16 A. [REDACTED]

17 Q. For what purpose?

18 A. I don't recall. I just know that [REDACTED]
19 has been a purchaser of XRP.

20 THE REPORTER: "I just know..."?

21 THE WITNESS: I just -- sorry, I
22 was covering my mouth.

23 A. [REDACTED] had been a purchaser of XRP.

24 Q. In 2017 did you know for what purpose
25 they were a purchaser?

1 A. I don't recall.

2 Q. Okay. And is it your testimony that you
3 believe that those institutions' expectations of
4 Ripple go up when the price of XRP goes up?

5 MR. SOLOMON: Objection; form.

6 A. I think the attention on Ripple, the
7 company, is -- has been -- the attention had been
8 correlated with the attention around the XRP
9 markets.

10 Q. Why?

11 A. Because people associate us with XRP.

12 Q. And why do they do that?

13 A. I would be speculating. Depends on
14 which audience. Ripple owns XRP and so we are --
15 as we discussed earlier today, things like
16 CoinMarketCap incorrectly listed XRP as Ripple for
17 some period of time.

18 Q. In the next page of the document, on the
19 left, it's page 4, 11, you say that what stresses
20 you out is "the height of the tree. The
21 expectations are really high. The trunk hasn't
22 built out and everyone in this room needs to help
23 build out that trunk."

24 Do you see that?

25 A. Yes.

1 Q. That's sort of a -- a pretty graphic
2 analogy. Can you explain it to me? What --
3 what's -- what's the height of the tree here?
4 What's the tree and what's the trunk?

5 MR. SOLOMON: If you remember.

6 A. Yeah. I -- I -- I don't remember
7 specifically. I mean, I think this -- the story
8 I'm trying to tell is that the attention on crypto
9 markets, the attention on Ripple, has gone up.
10 And we need to be in a position to deliver on the
11 promises we made to customers.

12 Q. What promises did you make to customers?

13 A. Well, when we sign a contract, we agree
14 to deliver certain things. We've -- we're
15 building -- trying to build out an internet of
16 value and we have done things like the Global
17 Payments Steering Group and creating rulebooks
18 around how global payment infrastructure can and
19 should work between counterparties.

20 Q. And so is it your testimony that when
21 the -- that your perception around December of
22 2017 was that if the price of XRP went up, there
23 was an increased pressure to deliver on promises
24 you had made in contracts with customers?

25 A. I think my testimony was that the

1 attention on Ripple, the company, certainly has
2 some, in my experience, correlation with the
3 attention on crypto and the attention on XRP.

4 Q. Okay. Let's set that aside. I'm going
5 to ask you to look at Exhibit 90.

6 (Whereupon, exhibit is received
7 and marked Garlinghouse Deposition
8 Exhibit 90 for identification.)

9 MR. TENREIRO: Here you go.
10 Thank you.

11 MS. BUNTING: Which exhibit is
12 this?

13 MR. TENREIRO: 90. Nine zero.

14 MS. BUNTING: 90. Thank you.

15 (Pause)

16 MR. TENREIRO: This is a
17 four-page exhibit, RPLI_SEC 54005, a
18 thread around January -- early January
19 2018.

20 (Pause)

21 THE WITNESS: Okay.

22 BY MR. TENREIRO:

23 Q. Mr. Garlinghouse, this thread appears to
24 include a markets update from Dinuka Samarasinghe,
25 is that right?